THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

Teaching the Chinese To Use Force!

What Do They Mean By 'Neutral' Area?

Japanese views of American and British Policy Toward China

The Porter Bill Provides for New U. S.—China Treaty

Growth of American Trade With the Orient

By J. H. Nunn

許密勒報

SATURDAY, FEB. 19, 1927

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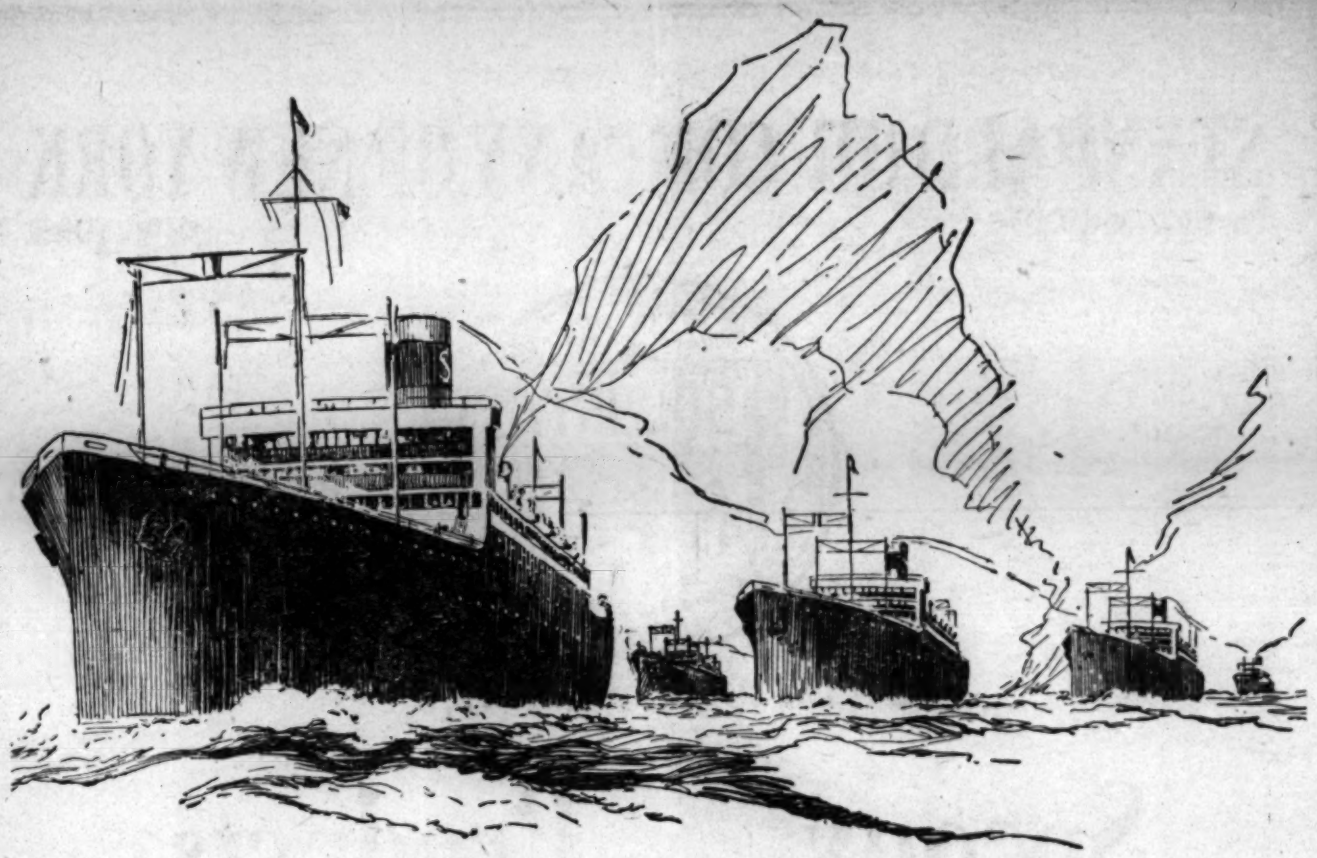

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WHAT DO THEY MEAN BY A 'NEUTRAL' AREA?

EARLY IN 1925 as a result of the fighting between Kiangsu and Chekiang forces on the borders of the Shanghai foreign settlements, the Chinese General Chamber of Commerce made a proposal for the creation of a 'special administrative area' at Shanghai, the area to include all of the Chinese territory and cities adjacent to the foreign settlements and to extend roughly from Soochow on the north to Sungkiang on the south. The purpose of the Chinese merchants in making this proposal and finally in forcing the Chinese Government to issue a mandate legalizing the special area was to get the Chinese troops out of the district. Prior to the opening of the war in the fall of 1924, the Shanghai district had been controlled by Gen. Lu Yung-hsiang, tupan of Chekiang province, who was a member of the Anfu-Fengtien faction. Gen. Chi Hsieh-yuan, tupan of Kiangsu, a Chihli militarist, started the war by launching an attack on Gen. Lu's forces a short distance north of Shanghai. The fighting was serious and Shanghai hospitals were filled with wounded. Finally the war spread all over the country when Marshal Chang Tso-ling came to the support of his ally Gen. Lu Yung-hsiang in Chekiang. Gen. Sun Chuan-fang, who was then a practically unknown militarist in Fukien province, but an ally of Wu Pei-fu, launched an attack on Gen. Lu at Hangchow and finally in cooperation with Gen. Chi Hsieh-yuan, who was attacking from the north, Gen. Lu was defeated. Generals Sun Chuan-fang and Chi Hsieh-yuen should have shared the honors of capturing Shanghai equally, but Sun got here first and grabbed all the honors and the money. However, Chi did not have long to nurse his resentment for he was attacked by Gen. Chang Chung-chang, the Fengtien militarist at Nanking and after a short battle was forced out and fled to Japan. It was in order to prevent renewal of the fighting between Chang Chung-chang and Sun Chuan-fang that the Chinese merchants at Shanghai got busy and created the 'special administrative district' and finally were able to induce both militarists to withdraw their forces, Chang withdrawing to Soochow and Sun to Sungkiang.

THUS FOR A BRIEF period, Shanghai was really a 'neutral district' but shortly thereafter came the May 30 incidents in 1925 and all classes of Chinese started an agitation for the Chinese militarists to send their troops back in order to 'protect' the Chinese people from the agressions of the foreigners. Both Chang Tso-ling and Sun Chuan-fang sent sympathetic messages to the Shanghai students and laborers, but Chang acted first and sent his ally Gen. Chang Chung-chang back into the

Shanghai district with his troops. Previous to their coming however, there had been some rather disgraceful squabbles amongst different factions of the native police showing that dispite the absence of Chinese troops, the militarists were continuing their intrigues over the local tax and opium revenues. The Fengtien General, Chang Chung-chang, however, was not able to enjoy possession of Shanghai for long, for Marshal Sun Chuan-fang, considering Chang's action a violation of the agreement respecting the 'neutral' area, began to move his troops. Chang Chung-chang, immediately realizing his inability to defend Shanghai owing to his long and exposed line of communications with the north, got out without a battle and Sun Chuan-fang again came in. Mr. Silas H. Strawn, American delegate to the Tariff Conference, who had just arrived in Shanghai at that time, thus received his initiation into Chinese politics for Strawn's private car was attached to Gen. Chang's last military train out of Shanghai. Sun Chuan-fang thus came back into the Shanghai Special Administrative District and has been here ever since. He attempted to take the curse off of his military control of the area by appointing Dr. V. K. Ting a western educated man as 'mayor' of the area, but Dr. Ting finally quit in disgust because he soon found himself powerless to accomplish anything owing to the fact that Sun Chuan-fang and his subordinates maintained control of the local Chinese police and military forces.

NOW WE HAVE a repetition of history for Sun Chuan-fang is being attacked by the Cantonese, or 'Nationalist' troops which have invaded Chekiang province from both Fukien and Kiangsi. And again we have the plea for the creation of a 'neutral' area, this time the suggestion coming from both Chinese and foreign sources. The first suggestion which was unoficially presented to the Consular Body by Dr. C. T. Wang, former acting premier and minister of foreign affairs, who is a resident of Shanghai, was that, following the defeat of Sun Chuan-fang by the Nationalist forces in Chekiang, the Powers should use their friendly services in inducing Sun Chuang-fang to evacuate the Shanghai district and in case this was done, he (Dr. Wang) would attempt to induce the Nationalists not to advance their forces nearer Shanghai than Sungkiang on the south and Soochow on the north. It is understood that Gen. Chiang Kai-shek, the Nationalist leader was agreeable to this suggestion for he wanted to avoid a repetition of the incidents at Hankow which had culminated in the occupation of the British Concession by Chinese Nationalist forces and the consequent evacuation of foreigners. Gen. Chiang, however, insisted and rightfully, that the Nationalists should have the right to appoint the Chinese civilian officials in the 'special area' and also to maintain control over the native police. Gen. Chiang and the Chinese generally were also anxious to prevent the creation of a situation at Shanghai which would make it necessary for the British to land troops for the purpose of protecting their nationals. In other words, after defeating Sun in Chekiang, he hoped to avoid the necessity of attacking him on the environs of the foreign areas. Dr. C.T. Wang, who is a resident of Shanghai and chairman of the Chinese Ratepayers Association, while holding no official position in the Nationalist Government, is, in common with most Chinese, sympathetic toward the Nationalist point of view from the standpoint of treaty revision. He naturally favors the method of peaceful negotiation and from this standpoint is opposed to the radicals in the Kuomintang Party who would abrogate the treaties and eliminate foreign 'rights' by direct action. At the present time Dr. Wang, as head of the Chinese Ratepayers Association, an organization composed of more than 2,400 Chinese tax-payers in the International Settlement who have qualifications for voting in municipal elections, is engaged in unofficial conversations with the British trying to solve the problem of Chinese representation on the Council of the International Settlement.

SO MUCH FOR the Chinese side! On February 7, Secretary Kellogg made a proposal, which was transmitted through diplomatic channels to Chang Tso-ling, Chiang Kai-shek and Sun Chuan-fang, that all of the militarists agree to the creation of a 'neutral zone' about Shanghai which would obviate the necessity of factional fighting in this district. Secretary Kellogg proposed, that in case the Chinese leaders were agreeable to his suggestion, he would be willing to institute properly constituted negotiations for changing the status of the International Settlement to the end that Chinese representation in the administration of the foreign area might be brought about in a peaceful manner. The final outcome of Secretary Kellogg's proposal is as yet unknown, but up to the present none of the Chinese leaders have favored the idea, the chief reason being that all of them are suspicious of it, fearing that it might lead to foreign control of the area. In Secretary Kellogg's note he stressed the commercial importance of the Port, as a reason why it should not be subjected to factional fighting, all of which might be used equally well by the Chinese as arguments for Chinese control of the area. The Chinese want to control Shanghai, first because it is part of China and second because of the revenues which Shanghai produces. It is estimated that forty percent of the foreign trade of China passes through Shanghai and that the customs surtaxes alone which Marshal Sun Chuan-fang is now collecting, amount to approximately Tls. 1,300,000 monthly. In addition to this there is the normal revenue from land and business taxes and last, but not least, the opium business. It has frequently been stated that the revenues from the illicit opium trade alone amount to thirty or forty millions a year, all of which goes to the local Chinese military and naval authorities. Shanghai, from the standpoint of China's foreign commerce is comparable to New York, San Francisco or Seattle from the standpoint of the United States. Hence the Chinese may be expected strenuously to present any suggestion for an extention of foreign control at Shanghai just about as enthusiastically as the Americans would resent a suggestion for Japanese control of San Francisco or British control of New York. The Shanghai question is therefore loaded with dynamite for in addition to the large foreign investment here there is a foreign population of approximately 40,000 (20,000. Europeans and Americans and 20,000 Japanese) Obviously there is need for statesmanship of a high order in the solution of the Shanghai problem, for the Chinese want to control the whole area, and the foreigners as a result of the hysteria produced by the Hankow incidents are afraid they may be driven into the sea and their properties confiscated. The Nine-Power Treaty adopted at the Washington Conference guarantees the 'sovereignty, the independence, the territorial and administrative integrity of China.' In addition to this the Powers, other than China, bound themselves to 'refrain from taking advantage of conditions in China in order to seek special rights or privileges, etc.' Therefore, it is to be assumed that in view of the now thoroughly aroused national consciousness of the Chinese

people that China will ultimately come into control of the whole area including the foreign settlements. The question is how to effect the transition from foreign to Chinese control with the least amount of danger to foreign residents and their legitimate interests. Hence the desirability of an early and clear definition of what Secretary Kellogg means by 'neutral area.'

TEACHING THE CHINESE TO USE FORCE!

THERE ARE many foreigners still residing in the Far East who can remember when the Powers had interests in Japan similar to the situation in China today, that is, residence concessions, extraterritoriality, customs control and so on. The Powers gave up their rights in Japan not because they were entirely satisfied that Japan had reached a point of development which would warrant them in relinquishing control, but purely on account of the development of the Japanese Navy. It is all right to say now that 'Japan had developed her courts so that foreigners could afford to take the risk,' when the facts in the case are that the foreigners in Yokohama and elsewhere in Japan fought just as hard to retain their 'rights' as the foreigners in Shanghai are doing today. The thing which made the foreigners relinquish their rights in Japan and treat that nation as an 'equal' was the development of a national spirit among the Japanese, but more to the point it was the development of a modern Japanese navy which made the whole world 'sit up and take notice,' and particularly Great Britain, which nation being a sea-power herself was in an excellent position to appraise the Japanese strength. And shortly afterwards John Bull made haste to sign up an alliance with Japan in order to obtain Japan's assistance against the growing menace of Germany and Russia in the Far East.

NOW TURNING our eyes toward China we observe similar forces at work, and the most interesting phase of it is that the foreigners here also, as they did in Japan, are teaching China how to regain her rights through the use of force. At the Paris Peace Conference the Chinese delegates demanded treaty revision, but European statesmen merely lifted their eyebrows and added insult to injury by confirming Japan in the control of the former German interests in Shantung. China came home from the Paris Conference thoroughly mad and started to raise hell about the Shantung question and she kept on raising hell with Japanese trade until the situation got so bad that the Powers got together at the Washington Conference and forced Japan to get out of Shantung and to do several other right and proper things for her neighbor across the Yellow Sea. The Japanese got out of Shantung, not because they had any overpowering desire to give China a square deal, but because the Chinese and world sentiment forced them to get out. The resulting benefits have been wholly favorable in the relations of China and Japan since that time and from the standpoint of Japanese policy toward China, has resulted in a complete change of method, at least, in Japan's dealings with China. But it required a lot of pressure, window-smashing, if you please, to force the Japanese to change their methods. Many far-sighted Japanese had realized all along that the old policy of force, the quartering of unauthorized troops on Chinese soil, the high-handed Twenty-One Demands of 1915, and other exemplifications of 'mailed-fist' policy were wrong, but they were powerless to stay the hands of the imperialists in the Government who were intent upon fastening Japanese military and economic control upon China regardless of the wishes of the Chinese people or the world generally.

THEREFORE, it is perfectly correct to state that China came into control of the former German leased area at Kiaochow Bay, not because the Chinese were in a position to administer those interests as well as the Germans and Japanese had administered them, but purely because the Chinese were able, in one way or another, to force the issue and regain control of their property. Now to hurdle a few years we come to the question of the International Mixed Court at Shanghai. This Court, formerly administered by the Chinese was taken over by the foreigners at the time of the Revolution in 1911. The foreigners were justified in their action because, owing to the turmoil produced by the Revolution, there was no Chinese authority hereabouts to administer the Court, and it was impossible to maintain order in the city without a court. Therefore, from the standpoint of expediency, the foreigners were justified in taking over the Court, but they were not justified in maintaining control of the Court after conditions had settled down following the revolution. However they did maintain control even in the face of active Chinese demands for the rendition of the Court—until 1925 when they began seriously to consider the matter of rendition. The thing which caused the foreigners to consider the situation seriously was not that they thought the Chinese had reached the point where they were capable of administering the Court, but purely because the Chinese raised such a storm of protest over the May 30 incidents that the 'die-hard' foreigners were forced to take action. Thus again, the Chinese received a practical lesson in practical diplomacy, for they learned through actual experience that the only way to get action was through the use of force. By 'force' we do not mean military force especially, but 'force' as exerted through the political and economic boycott and through mob action.

TO BRING THE discussion up to date, we next come to the question of the Chinese Tariff. The Chinese first brought up the question of tariff reform at the Paris Peace Conference, but as stated previously, nobody listened at that time. Then the question came up again at the Washington Conference and in the sympathetic atmosphere of the American Capital, the Powers *magnanimously granted* China an increase to the extent of 2½ percent on general products and 5 percent on luxuries and this is the face of the obvious fact that practically every sovereign nation on the face of the earth was adopting 'sky-high' tariffs in order to obtain revenues for administrative and debt-payment purposes. China was not satisfied with the small increase *granted* at Washington, but she accepted it and returned home. But here again the forces of reaction were sufficiently strong even to present the carrying out of the actions of the Washington Conference and for a period of practically five years nothing was accomplished. The reasons for this failure to adopt a reform which was promised at Washington are many, but the Chinese unanimously place the blame on the foreigners. Recently, as a direct result of the development of the Cantonese revolutionary or Nationalist Government in South China, the Chinese have on their own accord put the Washington surtaxes into effect and are now making the collections of the surtax without respect to the wishes of the foreigners. Again the Chinese have received a lesson in practical diplomacy, or to put it another way they have discovered that the only way they can

obtain customs autonomy is to take it. And the same thing is happening in respect to the rendition of the foreign Concessions. The Chinese have been trying in one way or another to get control or at least a voice in the administration, of the foreign concessions in China for many years, their appetite in this regard having been considerably whetted when the British and French kicked the Germans and Austrians out of China and forced China to break off relations with the Russians as a result of the World War situation. It isn't necessary to review the history of the Chinese demand for participation in the government of the International Settlement at Shanghai or of the recent incidents at Hankow which resulted in the Chinese forcibly taking over control of the British Concession in that city, but it was only after this had been done that the British Government announced that it was willing to enter into negotiations with the Chinese for changing the status of the Concessions and thus permitting the Chinese to have a voice in the administration of the areas. The Chinese agitation for a voice in the International Settlement at Shanghai started more than five years ago, but instead of heeding the Chinese demands, the officials of the Settlement and the foreign ratepayers turned the proposition down completely and *granted* the Chinese an 'advisory committee'—which never amounted to anything because it was never consulted. Following the May 30 troubles, after the Chinese had practically paralyzed the business of the city for several months, the foreign authorities *granted* the Chinese three members on the Municipal Council. But again nothing was done, each side placing the blame for inaction on the other side. Now the Chinese make new demands, stating their refusal to accept three members, and requesting equal representation with the foreigners.

THE OBVIOUS result of this sorry record of the failure of Western diplomacy, has been to convince the Chinese that the foreigners only listen to arguments when they are accompanied by the boycott and mob violence which are the Chinese way of exerting force in lieu of actual military power. To take still another case, the writer of these paragraphs was present at the plenary session of the Washington Conference when Mr. Balfour, acting on behalf of the British Government publicly announced Britain's decision to return the British naval base at Weihaiwei, on the Shantung coast, to China. Mr. Balfour's offer was made immediately following the Japanese decision to return the Kiaochow Bay area to China and the effect was tremendous. But now more than five years have elapsed and the actual transfer of the Weihaiwei area has not been made, and this despite the fact that the Japanese immediately carried out their bargain to get out of Shantung. The British have argued that they were unable to carry out the transfer of Weihaiwei on account of the lack of a Chinese Government to deal with, but the Japanese were able to conclude their negotiations without very much difficulty. Accordingly the Chinese again have been given grounds for distrusting the efficacy of diplomatic negotiations with the West. Hence, what fair-minded person can help but sympathize with the Chinese contention that the West only lives up to its promises when it is forced to do so.

"AN INTERESTING DISCOVERY IN THE MUNICIPAL BUILDING!"

IT WAS THE YEAR 1950, in many ways a remarkable year for Shanghai because the city had enjoyed great prosperity, having outstripped both New York and London in entrances and clearances of ships and foreign commerce generally. Shanghai of course had long before come under complete Chinese control and had been linked up with Nanking, Hangchow, Hankow, Foochow and other places by excellent motor roads. Contrary to forecasts of the old "die—hards" the city had prospered under Chinese Control. The Municipal Council of 'Greater Shanghai' which now included the old French Concession and the neighboring Chinese areas which had all been merged into one great modern metropolis, was engaged in razing the old municipal building in order to erect on the site a new and modern structure in keeping with the dignity of the city. A committee of Chinese officials was inspecting the work of demolishing the old building when they noticed considerable excitement among the laborers. Upon inspection they found that the laborers had unearthed a secret chamber. Finally, after considerable difficulty the room was opened and imagine the excitement when it was observed that there were three foreigners in the room sitting around a table. The foreigners had long white hair and beards and presented a venerable patriarchal appearance, the cut of their clothes indicating that they belonged to a previous age. The men were in serious conversation and paid little attention to the disturbance created when the laborers had opened the room. Finally one of the Chinese approached the table at which the men were sitting and listened to their conversation. This is what they were talking about: The old men were discussing the question of admitting Chinese to the public parks! Later on, following an investigation by the authorities it was discovered that back in 1925 a quarter of a century previously the then foreign municipal council of the International Settlement had appointed a special committee to consider the question of admitting Chinese to the public parks and recreation places. The committee had started the investigation but in the excitement produced when the Chinese came into control of the foreign areas, this committee had been overlooked and by many it was thought that the members had left Shanghai. Owing to the fact that they had been closeted in the secret chamber, they had not noticed the passage of time, hence had no knowledge of the fact that Shanghai had been taken over by the Chinese many years previously or that China had become unified and was now rated as one of the great world powers. Upon questioning the old gentlemen it was discovered that they had not yet reached a decision on the question of the admission of Chinese to the parks!

Postal Savings Bank Has Deposits Amounting to $7,669,233,65

The Year 1925 represents the seventh working year since the inauguration of the Post Office Savings Bank, and, according to the report for that year, just published, the progress made in previous years has been fully maintained.

Deposits—in big dollars—during 1925 amounted to $7,669,233.65—an increase of 30 per cent over 1924, and withdrawals to $6,123,697.07—an increase of 18 per cent over 1924, while the amount due to depositors grew from $4,650,680.38 to $6,465,148.72—an increase of 39 per cent over 1924. The number of depositors increased from 32,458 to 42,222.

Kwangtung small coin currency deposits have also increased, the figures being $1,369,440.12, as against $1,361,603.21 in 1924, while the amount withdrawn was $1,277,524.16, as compared with $1,044,410.65 in 1924; the total amount due to depositors at the end of the year was $1,602,472.89, as against $1,455,910.48 in 1924—an increase of $146,562.41—or 10 per cent. The number of depositors (in small coin currency) increased from 8,607 to 9,343.

During the year one savings bank was opened and one closed, the number of offices open at the end of the year thus remaining at 340.

Porter Bill Provides For New U.S. Treaty

The following is the full text of the resolution introduced in the House of Representatives on Jan. 4 providing for the negotiation of a new treaty to take the place of the present Sino-American treaty providing for extraterritoriality and customs control. This resolution has received the approval of the Committee on Foreign Affairs of the House of Representatives and is pending action in the House:

REQUESTING the President to enter into negotiations with the Republic of China for the purpose of placing the treaties relating to Chinese tariff autonomy, extraterritoriality, and other matters, if any, in controversy between the Republic of China and the United States of America upon an equal and reciprocal basis.

WHEREAS, in the Nine Power Treaty, drafted at the Washington Conference of 1921-22, the United States has engaged itself "to respect the sovereignty, the independence and the territorial and administrative integrity of China," and "to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government," and

WHEREAS by virtue of this treaty and in accordance with the traditional policy as embodied in various other formal declarations, it is appropriate that the United States should lend its aid and encouragement, in all proper ways, to nations or peoples in their efforts to establish and maintain popular forms of political rule, and

WHEREAS, therefore, the Chinese people are entitled to such aid and encouragement as the United States may properly give them in their efforts to place upon a firm and efficient basis the republican form of government which they adopted in 1912, and

WHEREAS this task of obtaining a republican form of government which will command the respect, the allegiance, and the obedience of the people of China, and thus secure the establishment of an effective, unified, civil control over all the provinces of China, is rendered extraordinarily difficult by reason of the restraints upon the exercise of her sovereign powers provided for by treaties to some of which the United States is a party, and

WHEREAS at the present time, the United States of America has treaties with the Republic of China which the Chinese people assert deny to the government of that country the right to fix its tariff policies in accordance with its revenue necessities or needs of its economic and industrial life, and prevent it from exercising through its courts and laws that control over persons and property within its territories which is enjoyed by all other sovereign States within their several borders, and thus deprive it of that equality with other members of the Family of Nations to which it is justly entitled, and

WHEREAS there has arisen in China a nation-wide public opinion which insists that China has been and is treated in an unequal and non-reciprocal manner by foreign powers, and

WHEREAS it is highly unjust that a great and civilized people should be hindered by restraints imposed upon them in order to promote the interests of these powers, and

WHEREAS international good will and the preservation of international peace can be rendered secure only when nations deal justly with one another and upon a basis of equality of respect and mutuality of interest, and

WHEREAS in order to maintain peace and concord among the nations of the Pacific and among those having substantial interests therein, and to prevent the four hundred millions of the Chinese from abandoning their traditional doctrines of reason and justice for those of militarism, it is necessary that existing misunderstanding and grounds for grievance upon the part of Chinese people should be removed, and

WHEREAS the United States has, for many years, taken the initiative in movements to secure just treatment for China, as was shown especially in establishing upon a firm and definite basis the principle of the Open Door in China; in remitting to China in 1908 the portion of the Boxer indemnities in excess of actual damages, and, in 1924, remitting the balance of the actual damages remaining due; and in the calling of the Washington Conference of 1921-22, which had as one of its primary purposes the lessening of the foreign restraints upon China's freedom of action, and the correction of violations of China's sovereign and territorial rights by various of the Powers, and

WHEREAS general experience has demonstrated the impossibility of obtaining adequate concerted action upon the part of powers whose interests are not identical and whose policies diverge, and

WHEREAS with reference to, the dealings of the foreign powers with China the attempt to maintain such concerted action has resulted in a situation which has become progressively worse, so that there is now indication that China, impatient at further delay, will exercise her sovereign right to denounce, by unilateral action, the treaties which, in her opinion, so grievously oppress her, and

WHEREAS it is in conformity with the traditional policy and practice of the United States of America to take action independent of that of other powers when it deems it just and expedient so to do, and the present situation in the Far East is one which renders it especially expedient that the United States of America should now free itself from entangling relations with other powers whose interests and policies are not identical with those of the United States, especially such as are concerned with the traffic of opium, the occupation of important and strategic ports of China; the exercise of political jurisdiction in connection with railway concessions, and, in general, the sanction of measures which infringe or tend to infringe upon China's sovereignty and administrative integrity, and

WHEREAS it is felt by many that the situation which now exists in and with regard to China is one which, if not promptly dealt with upon a basis of justice and equity will endanger the peace of the world, therefore be it

RESOLVED BY THE HOUSE OF REPRESENTATIVES (THE SENATE CONCURRING) That the President of the United States be, and he hereby is respectfully requested forthwith to enter into negotiations with the duly accredited agents of the Government of China, authorized to speak for the entire people of China, with a view to the negotiation and the drafting of a treaty or of treaties between the United States of America and the Republic of China which shall take the place of the treaties now in force between the two countries, which provide for the exercise in China of American extraterritorial or jurisdictional rights or limit her full autonomy with reference to the levying of customs dues or other taxes, or non-reciprocal in character, to the end that, henceforth, the treaty relations between the two countries shall be upon a wholly equal and reciprocal basis, and will be such as will in no way offend the sovereign dignity of either of the parties or place obstacles in the way of realization by either of them of their several national aspirations or the maintenance by them of their several legitimate domestic policies.

Text of British Proposal on China Question

The following is the complete text of the British proposals for a revision of the British treaties respecting extraterritoriality, the Concessions and other questions which was handed to Mr. Eugene Chen of the Nationalist Government on January 27 and to the Peking Government on January 28:

"1. His Majesty's Government is prepared to recognize modern Chinese law courts as competent to hear cases brought by British plantiffs or complainants and to waive the right of attendance of a British representative at the hearing of such cases.

"2. His Majesty's Government is prepared to recognize the validity of a reasonable Chinese nationality law.

"3. His Majesty's Government is prepared to apply, as far as is practicable in British courts in China, the modern Chinese civil and commercial codes (apart from the procedure codes and those affecting personal status) and duly enacted subordinate legislation as and when such laws and regulations are promulgated and enforced in Chinese cities throughout China.

"4. His Majesty's Government is prepared to make British subjects in China liable to payment of regular legal Chinese taxation which does not involve discrimination against Britishers and British goods and which is paid by Chinese citizens throughout China.

Legal Status

"5. His Majesty's Government is prepared, as soon as a revised Chinese penal code is promulgated and applied in Chinese courts, to consider its application in British courts in China.

"6. His Majesty's Government is prepared to discuss and enter into arrangements, according to particular circumstances at each port concerned, for the modification of municipal administrations of the British concessions so as to bring them into line with the administration of the special Chinese administrations set up in former concessions or for their amalgamation with these former concessions and now under Chinese control, or for the transfer of police control of the concession areas to the Chinese authorities.

"7. His Majesty's Government is prepared to accept the principle that British missionaries should no longer claim the right to purchase land in the interior, that Chinese converts should look to the Chinese law and not to the Treaties for protection, and that missionaries in educational and medical institutions will conform to Chinese laws and regulations applying in similar Chinese institution.

Japanese Views on U. S. China Policy

(Reprinted from the Japan Chronicle)

AMERICA'S new China policy is much more favourably received by the Japanese Press than Great Britain's has been. It is of utmost significance, says the *Jiji*, that America has announced her China policy at this juncture, when the relations of the Powers to China are unprecedentedly confused as a result of the publication of a new policy by Britain in December last—a policy by which Britain, in disregard of the Washington Treaty, showed herself ready to agree by herself to the immediate and unconditional imposition of surtaxes and also announced the existing treaties to be antiquated. Japan, which holds that the question of surtax should be decided upon at a Customs conference under the terms of the Washington Treaty, having thus been placed in a position of direct opposition to Britain, it is agreeable to learn what the China policy of the United States, the promoter of the Washington Conference, is. According to telegraphic reports, the American announcement begins by expressing sympathy with the national awakening movement in China and declaring strict neutrality to the struggle between the North and South. This is in agreement with Japan's fundamental China policy as announced by Baron Shidehara, namely, the one of strictly adhering the principle of absolute non-interference and meeting the national aspirations of China with sympathy and goodwill. That America has made up her mind not to get involved in the internecine trouble in China is especially commendable in view of the present situation of affairs in that country, which is so delicate that hasty action on the part of a foreign nation is liable to benefit one of the contending parties at the expense of the other.

MacMurray's Decision Revised

The next statement in the American announcement respecting the revision of the unequal treaties, the abolition of extraterritoriality and the restoration of tariff autonomy is also in accord with Japan's policy, especially when it says that while America is willing to negotiate a new treaty respecting these matters even single-handedly, the existing treaties must remain in force until the new treaty has been duly arranged and ratified, for it is likewise Japan's policy that all the national aspirations of the Chinese people should be furthered by rational and reasonable means. Only while Mr. Yoshizawa, the Japanese Minister to China, is carrying on informal negotiations with Mr. Ku Wei-chen, the Chinese Premier, concerning the revision of the Sino-Japanese Commercial Treaty with a view to finding out means by which to meet China's national aspirations, America insists that China should first appoint a commission qualified to represent the Chinese Government or the whole of the Chinese nation. As regards the enforcement of surtaxes arranged by the Washington Treaty, on which utmost stress was laid by the British proposition, the American Government revokes the approval by Mr. MacMurray, the American Minister to China, of the British proposal for the immediate and unconditional enforcement of the tax and is for negotiating a new agreement, from which it would appear that America opposes the immediate imposition of surtaxes against the terms of the Washington Treaty, and desires to solve the matter by resuming the Tariff Conference. In short, the American policy agrees, on the whole, with Japan's in that it maintains neutrality in respect of the internal struggle in China and endeavours to give satisfaction to China's national aspirations rationally and reasonably, and it cannot fail to be favourably received in China.

A Grand Announcement

While Britain's present attitude towards China is so excessively panicstricken as to create amusement, says the *Kokumin*, the American announcement is very grand indeed. America, it says, sympathises with the awakening movement in China, and, impartial both to the North and South, she is ready to negotiate the revision of treaties with the legitimate and responsible Chinese Government or the representatives of the entire Chinese people—no matter, it would appear, whether it be the North or South—cautiously adding, however, that the existing treaty should be regarded as valid until the new treaty has been ratified by the Senate and that for the protection of the life and property of the American residents in China she may send men-of-war into the territorial waters of China according to circumstances. In its substance the policy announced bears close resemblance to Japan's China policy. While Britain's attitude is astonishingly unprincipled, America's is on the whole appropriate to the existing conditions. This is to be rejoiced at both for the sake of China and America. It is reported that the Democrats

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What Japan Thinks Of The British Policy

(Reprinted from the Japan Chronicle)

THE *Yamato* is evidently much interested in the difficult position in which Britain is now placed in China. Following up the editorials already reproduced, the journal says: While the British Government has decided to undertake an expedition singlehanded, it has by no means given up its intention to induce the Japanese Government to join it in dispatching more troops to China. With the usual pertinacity of the John Bull diplomacy, the British Ambassador to Japan continues paying a daily visit to Kasumigaseki, but Baron Shidehara, the Foreign Minister, persists, it appears, in politely declining to assent to the British proposal, pointing out that even in the possible event of Shanghai being menaced by the Southern Army, he is of opinion that the defence scheme already arranged among Britain, America, Japan and France will be sufficient to protect the life and property of the foreign residents there. That the relations between Britain and South China are counted among Britain's serious national problems will be inferred from the fact that even an opponent of the present British Government like Mr. Lloyd George is in favour of the expeditions to China. The apparent reasons for the expedition are the need of recovering trade on the Yangtse, and guarding Shanghai, the centre of British enterprise and trade in China, and a regard for the sentiments of the capitalists and business men at home. There may also be an idea that British prestige has been challenged by the newly formed Kuomintang Government and by Soviet Russia, which is backing it up; and the desire to vindicate her dignity even at the point of the sword is perhaps one of the causes of the decision taken by Britain. But the real reason at bottom is the fear that to allow the Government of South China to go on having its high-handed way, loudly proclaiming Communism under its banner of the sun in the blue sky, may prove a strong inducement for the outbreak of revolutionary movements in India. Though Britain's oppressive rule of India is being improved year by year, yet India will have to wait for ever if she is passively to wait for the country to cease to be an exploited dependency, so that intelligent Indians have long been thinking of an armed revolution. Britain is adroitly making most of the mutual enmity of the four castes and of the Brahmans and Mohammedans, but who can tell but the time may come when such a policy of government will be undermined by the self-awakening of the Indians? Should the Government of South China succeed in driving British influence out of the country, the sense of superiority of the Eastern to the Western nations, which the event will give rise to, cannot but fail to stir up an upheaval in India. This is the essential trouble with Britain. When Britain is moving troops to China really and chiefly for fear of a possible revolution in India, there is no reason why Japan should serve as the vanguard at the cost of incurring Chinese enmity when her own complaint is nothing but a trivial skin disease.

Britain's Topsy-Turvy Proceedings.

Britain is making preparations for an expedition to China on a pretty large scale, says the *Tokyo Nichinichi*, but that is an affair of Britain's with which Japan has no reason to meddle, unless those preparations are intended to stimulate or coerce Japan to action. So if the report is correct that Britain has made a proposal to Japan for a joint expedition after having completed preparations for an expedition herself, we may claim a right to comment on the matter. The action of Britain in respect of China has been single-handed from the beginning, this being particularly the case with her preparations for an expedition. In attempting to convert a single-handed expedition into a joint one, therefore, Britain is, first, reversing the proper order of things, and secondly, behaving too selfishly and overbearingly, for it implies an inclination to bend other Powers to an accomplished fact of her own making. Even supposing, for argument's sake, that there is need for a joint expedition, a proposal made so out of order should never be agreed to. The British proposal for the recognition of surtaxes was also made in the same manner. Disregarding the principle that the question of surtaxes should be decided upon at the Customs Conference, and ignoring the authority of the Washington Agreement, Britain began by publishing an announcement in favour of the tax without consulting any Power in advance, and then came and sounded Japan's view on the matter—a most topsyturvy proceeding. How could Japan criticise the British policy which had already been made public? This course must have been taken by Britain either with a view to forcing Japan to endorse her policy, knowing that Japan

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are opposed to the policy announced and in favour of a more friendly attitude still to China, but it is hard to imagine a line that is really more friendly. So far America's China policy has sometimes been rather abrupt and wayward, as instanced by the suggestion that the Manchurian railways should be neutralised and by her withdrawal from the Six Power Consortium.

Even America Disgusted

On the present occasion, too, it was at a time rumoured that America intended to take joint action with Britain, but it would appear that even America has been disgusted at the attitude of Britain. Moreover, America's political outlook on China has lately undergone a considerable change. She has realised that no nation understands China better than Japan, that it is anachronistic for the Powers to carry on concerted diplomacy towards an awakened China, and that it would be attended with a hundred evils, with no redeeming good, to back up Britain on such an occasion as the present. It is understood that in dealing with the present situation in China, America was guided chiefly by the information derived from Japan. All this accounts for the grandeur of the American announcement. The only unsatisfactory point in the announcement is that America reserves negotiations with China on the plea that she does not know whom in China she should negotiate with. In this respect, Japan's attitude marks one step forward. Whatever may be its real strength we have a formal Chinese Government in the Peking Government to which ministers are accredited by the Powers and with which various negotiations are being carried on, as in the case of the Customs Conference, for instance. Although that conference was inevitably discontinued in consequence of the political trouble in Peking, a Government is now in being again, though not a very strong one, so that negotiations may be started with it without any harm and without producing the result of helping the North. In fact, there is nothing else to do unless the Southern Government is to be recognised. According to the announcement under review America is prepared to deal with the Southern Government if the latter should demand the commencement of negotiations for treaty revision. But this will mean a formal recognition of the Southern Government and also an interference with the internal affairs of China. It is to be asked whether time is ripe for such a course.

America In A Flurry.

The *Osaka Mainichi* says: The American announcement published on 26th ult, should have been published soon after the British Memorandum of December last was received. But lately the American Government has not been familiar with the conditions in China, and there was some lack of understanding beetween it and Mr. MacMurray, the American Minister to China. So the latter was to have been recalled and a reply to the British Note prepared at leisure, but the Hankow affair and the dispatch of troops by Britain taking place in the meanwhile, and the excitement of public opinion in America over them, having made it impossible for the Washington Government to wait for the arrival home of the Minister to China, he was ordered back to Peking when he was on his way home, and the recent announcement was published in a great hurry. The first impression this flurried attitude of America makes on us is how rapid and revolutionary the change in the state of affairs in China has been and how, having allowed others to have a start of her in regard to the Far Eastern problem, America is cudgelling her brains to know how to face the rapid change in the situation. From her declaration for the open door to the Paris and Washington Conferences, America was the most brilliant figure in diplomacy towards China. It was particularly in those conferences that China's pro-American fervour reached its zenith, as her activities in the world's diplomatic stage were greatest.

Inconsistencies Of America's Foreign Policy.

But the chief object of America's China policy was to help herself by pushing back other Powers, it being nothing but an incidental by-product to help China. But pro-Chinese propaganda having been carried too far, China became dissatisfied with America first and America ended by cooling off towards China. This cooling-off has led to her indifference to Chinese affairs and her fright and dismay on the present occasion. At the Tariff Conference in Peking she relegated the leading role to Japan, while in the matter of the announcement of a new China policy she allowed Britain to take the initiative. In the announcement in question, too, America does not go farther than the British Memorandum except on the question of surtax, nay, she is rather more conservative, so that the Democrats are disappointed at the lukewarmness of the policy. While the American Legislature includes such humanitarians as Borah and Porter, who hold

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could not dare to criticise it, or making a favour of it to China in the expectation that the measure would be opposed by Japan. It is safe to think that Britain's proceedings are generally of this sort. There is no reason why Japan should share the responsibility for an expedition planned and prepared for by Britain single-handed. The expedition should be left for Britain to care for, while Japan proceeds with her own policy. This is the only course open to Japan under the circumstances. So there is nothing strange or miraculous in the report that the British proposal has been refused by the Japanese Government. Co-operation was long the bane of Japan's China policy, the word in this connection denoting simply to follow the lead of Britain and America, which meant a suicidal foreign policy for this country, as aptly illustrated by the organisation of the consortium for China. The Washington Conference marked a turning point in Japan's China policy in that the policy of co-operation was then discarded in favour of one of self-assertion, a concrete example of the change of direction being afforded by Japan's attitude at the Tariff Conference. Now a joint expedition such as proposed by Britain implies a great deal of danger that Japan may be brought back from self-assertion to co-operation, and this is the danger Japan should endeavour to avoid as much as possible, so long as she has clear reasons against joining such an expedition. Not that Japan should look inactively on even when her own interests are in danger, but that she should not act on the advice and representations of Britain unless she is convinced of the reasonableness of the course suggested.

Three Ulterior Objects.

The *Chugai Shogyo* says that the British Government has evidently decided upon a single-handed expedition because both America and Japan refused to co-operate with her despite the great persistence with which she endeavoured to induce the two countries, Japan more especially, to agree to a joint expedition. Now that the tide of war is unfavourable to Sun Chuan-fang's army and there is no knowing when Shanghai may be taken by the Canton force marching northwards, Britain may perhaps think it necessary to have a large force ready in Shanghai for the protection of the British residents in the emergency feared. But it is first of all doubtful whether the situation is so pressing as to warrant the precaution Britain has decided to take. It is further doubtful whether it is necessary to move so large a force as 23,000 for the protection of the British residents in Shanghai, and whether it is necessary to include an aerial force and even tanks in the expedition. The real reasons for the expedition are then to be sought elsewhere. In our view, they are (1) a determination to defend the settlement in Shanghai effectively against its seizure by the Canton army; (2) a desire to intimidate Canton by a show of fight for fear that the policy of non-resistance may tempt the Southern Government to take a more aggressive attitude than would otherwise be the case; and (3) the anxiety to hold India in check by means of strong measures in China. In any case it is doubtful whether the intended increase in the British troops in China will produce results favourable to Britain, to say nothing of the question of whether for the peace of the Far East it is desirable or undesirable that Britain should mobilise so large a force to China single-handed.

Excellent Opportunity for China

With further reference to the British expedition, the *Jiji* remarks: It is surprising to us that Britain should have ventured upon an expedition to China, but from another point of view China has been given a good opportunity for demonstrating to the world that she is a thoughtful and intelligent nation, fully qualified to maintain the peace and protect the life and property of the foreign residents. It is to be prayed that the Chinese will realise the present to be a time of national trial and consistently act according to the dictates of reason. Needless to say, the British expedition has been decided upon for the protection of the British residents, but should the Chinese people suspect it to be an expression of the old-fashioned strong foreign policy, which is the traditional policy of the Conservative Administration in Britain, it may destroy the prospect of the trouble being solved by peaceful negotiations. In these circumstances it is advisable that the British Government should always bear in mind that the expedition is intended for the protection of the residents and carefully refrain from every action of a provocative nature, while on the other hand the Kuomintang Government should, rather than be offended at the British expedition as being an insult to the self-respect of the Chinese people, devote its entire energy to the effort of proving how uncalled-for and what a waste of time and labour the expedition has been, and how the Chinese are capable of protecting the life and property of the foreign residents in their territory.

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radical views respecting the China problem, as they are also in favour of the recognition of Russia, the executive has since the time of Mr. Hughes been in the hands of politicians opposed to the recognition of Russia and who stand in awe of the capitalists of Wall Street. This is the reason why the China policy of the Republican Government is as inconsistant as its Russian policy. There is, however, no knowing but what bold measures may be ventured upon by America, now that she is awakened to the revolutionary tendency of China. For Mr. Kellogg made it clear that the American Government was ready to deal with whichever of the two Governments in China. What is most noteworthy in the announcement is that it gives expression to America's intention to deal with China with a free hand instead of being encumbered by the terms of the Washington Treaty. America possesses no exclusive settlement in China, and there is no nation so unencumbered and free as America. It most largely depend on America's attitude what further rapid change shall take place in the international situation in China. That attitude must therefore be watched with utmost attention both by the Government and the people of this country.

Confused Policy Everywhere.

The *Yorodzu* strikes a note somewhat different from most of its contemporaries. Under the signature of Dr. Ninagawa Shin it says: Britain is reported to have made up her mind to restore the Settlements while she is actually sending forth troops to China. This is a confused policy. America is also pursuing a confused policy when she sets aside the Washington Treaty and is taking singlehanded measures. As for Japan, her policy is likewise confused. While announcing a policy of absolute non-interference on the one hand, she declares on the other that the life and property of the Japanese residents shall be absolutely protected. As Japanese, we have nothing to say, however confused the China policy of Britain and America may be. Our only wish is that Japan's may be sound and right, and this not for the sake of the Chinese, but of the Japanese themselves. Japan made a present of Tsingtau to China, but no gratitude was shown by China for it, and it is therefore the height of folly for Japan to consult the good of China any more. Let us stop vauntingly declaring ourselves in favour of China's tariff autonomy. Let us be cautious about openly sympathising with the intended abrogation of unequal treaties. Let the Chinese tariff be arranged by agreement, not by autonomy. Have the treaties, even if they are unequal, respected, otherwise international faith will go, leaving nothing but confusion and chaos behind it. The Treaty of Shimonoseki and the Treaty relative to Manchuria should and must live to eternity. The foreign Settlement in Shanghai has acquired its present value thanks to the exertions and investments of the foreign residents during many years. It would be a worthless tract of land if it had wholly been left to the care of the Chinese. The foreigners should never give it up any more than a tenant should yield to the selfish and arbitrary demands of the greedy landlord. It is our duty to lead the Chinese on the path of civilisation, but not to give way to their insolent and unjust proceedings.

Japan For Japan.

The Japanese do not exist, continues the Doctor, for the sake of the British and Americans, and it is not for us slavishly to follow them whithersoever they may choose to go. But in our interests and for our honour and reputation it is important that we should guide the Europeans and Americans so as to make a glorious land of the Far East. If the Chinese in the South are really in conspiracy with the Bolsheviks, it is essential that they should be coped with by Japan in co-operation with Britain, America, France and Italy, which are equally interested in the matter. Otherwise the Chinese and Russians would have the upper hand of the rest. Already there are clear indications that the Russians and Chinese are acting on a policy of dealing with Britain as an enemy first and proceeding against Japan next. If the Japanese are inwardly pleased to see the anti-British agitations going on in China and look complacently on, they will soon find themselves overtaken by the same danger. It is a very skilful piece of diplomacy that the Chinese in the South are emphasising the desirability of co-operation among Japan, Russia and China. The expedition started by Britain is quite a reasonable measure for Britain to take, and it can be taken exception to only by the Chinese. As for Japan, time is not yet come for her to do the same, but she will do well to approve of the British expedition and declare in advance that she also will dispatch troops to China at once if her nationals in China are persecuted by the Chinese. Japan does not possess the wonderful gift of protecting the life and property of her nationals merely by wagging the tongue and she should make it known to the world plainly and clearly that she will exercise interference as of her right whenever interferences is necessary for the protection of her nationals.

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Japan's Grudges Against Britain

In a plenary meeting of the Budget Committee of the House of Representatives the other day, says the *Hochi*, Baron Shidehara, the Foreign Minister, refused the request of a member that he should express his view *in camera* on the question of the suggested expedition to China and stated in public so that no room might be left for misunderstanding that the Kuomintang Army were not menncing the Japanese nationals in any way,—that, on the contrary, they were endeavouring to maintain order by adopting appropriate measures whenever any trouble arose, that it was confidently expected that no rash action would be taken by them in the future as well, that to prepare for an expedition at this juncture was only calculated to irritate the Chinese sentiments without serving any useful purpose and, in short, that the idea of an expedition was not dreamt of. This was a refreshing and important announcement, as coming from the man at the helm of Japan's foreign policy speaking in public in a public assembly. It is hard to understand the real motive from which Britain is sending out a large force to China. She is committing a serious mistake if, according to her traditional Far-Eastern policy, she hopes that she may easily settle the trouble to her satisfaction by bringing armed pressure to bear upon China and sacrificing a few Orientals for the purpose. So far from being content with remaining for ever the conquered subjects of the White race, the Orientals are getting more awakened every day. As the greatest sympathisers with Britain, we must warn Britain that the Orientals are no longer what they used to be, and that they are no longer such weaklings as to appeal for pity with folded hands when the muzzles of rifles are pointed at them. What we fear is that the dispatch of so large a force to China may inflame anti-British feelings through the length and breadth of China, so that it will implant an ineradicable root of further trouble. For this country, we should entirely rely on the moral sense of the Chinese authorities and people, as Baron Shidehara said; nay more, we should go and help them develop their moral sense; but the proceedings of Britain are tantamount to nipping that sense in the bud. It is said that some Britishers are exceedingly angry with the attitude taken by Japan on this occasion. But this seems to be rather unreasonable of them. Japan is by no means elated over the difficulties in which Britain finds herself at present. Nor does she remember that at the back of the boycott movement conducted against Japanese goods in China a few years ago there were the British residents in China. Neither does she bear a grudge with the British people for the cool attitude assumed by them on that occasion. Nor is she so unmanly as to complain that the Anglo-Japanese Alliance was scrapped. It is entirely from the viewpoint of a nation that understands China best that it is held that an expedition to China at this juncture is extremely inopportune and inappropriate,

Britain's Suicidal Policy

While Britain is evidently resolved to defend Shanghai to the death, says the *Osaka Mainichi*, and is endeavouring to overawe China by dispatching troops on a large scale on the one hand, she is, on the other, said to be meditating the retrocession of the whole of the British settlements in China—subject to certain conditions—and the waiver of her loan claims against China, This is to carry inconsistency to too great length even though it may be the secret of diplomacy of the old school to play the parts of the demon and angel alternately. But the riddle is not so hard to solve as it appears. Britain is ready to concede according to circumstances, but her sense of honour forbids that she should lie down under humiliation. This seems to be the position of Britain towards China, and Sir A. Chamberlain, the British Foreign Secretary, is of the same mind. In the case of the surtax of 2½ per cent., the British Government, which was unable to do anything against the arbitrary imposition of the tax by the Canton Government, attempted to save its face by inviting the Powers to allow the Peking Government also to do the same. In like manner, Britain seems to believe that the loss of prestige caused by the Hankow affair can be retrieved by the conditional retrocession of the British settlements in Tientsin and elsewhere. She is adopting the gunboat policy in order to camouflage her weak foreign policy in the belief that to intimidate China in this way is the way to maintain the dignity, or save the face, of the British Empire. But nothing is more calculated to injure Britain than this line of face-saving diplomacy. If she goes on relinquishing some vested interests or other each time she is insulted by China, she will as often lose so much actual advantage without being able to save that face for whose sake the concession is made. When this policy is varied with anachronistic measures of intimidation, moreover, the hostility which it arouses in the Chinese mind will more than counteract the effect of the concession made at so much sacrifice with a view to conciliating the Chinese people.

American Press Comment on China Situation

The following editorial comment from leading American newspapers appeared early in January following the taking over of the British Concession in Hankow by the Nationalist Government.

A Lead on China
(Baltimore Sun, Jan. 8)

SOLDIERS of the Chinese nationalist army have removed British flags from the concession of that nation in Hankow. Chinese troops have taken over the policing of the British portion of the extraterritorial area in that city. Under existing treaties such actions are entirely illegal. But there is little likelihood that England will declare war to enforce her vanished treaty "rights." Awakened China, for all her disorder and confusion, is too strong.

The regime of special foreign privilege in China, in other words, is ending. Five years ago, at the Washington conference, the powers pledged themselves to hasten action looking toward complete tariff autonomy and the abolition of one-sided extraterritorial rights. In those five years no tangible advance has been made toward meeting China's reiterated demands. In consequence, the Chinese are taking action for themselves.

It is this situation which lends emphasis to the importance of the resolution introduced in the House this week by Representative Porter, chairman of the Foreign Affairs Committee. Our own unilateral treaties with China, Mr. Porter urges, should be replaced with a new set "to the end that henceforth the treaty relations between the two countries shall be upon a wholly equal and reciprocal basis." That such a move would meet no opposition from the vast majority of Americans is probable.

Mr. Porter's resolution is particularly noteworthy in that it is the first semi-official announcement of American willingness to wipe the slate clean in China and renew relations upon a basis of international equality. It is noticed that the American Government is at least willing to consider backing our many fair words toward China with concrete deeds. As such its value for the protection of American lives and property in face of aggressive Chinese patriotism is greater than that of warships.

The resolution is, furthermore, formal notification that it is high time for the United States to resume its old attitude of independent action with regard to China. As Mr. Porter says, of late years we have been "very much entangled" with other nations in our Chinese policy. That entanglement has gained us nothing, and lost us the prestige which men like John Hay built. The "concert of powers" with respect to China being dead, should so be recognized by Washington.

A Lone Hand in China
(Washington Post, Jan. 5)

Chairman Porter, of the House committee on foreign affairs, has offered a concurrent resolution requesting the President to enter into direct negotiations with China to the end that treaties may be made between the United States and China on an equal and reciprocal basis. The resolution recites the fact that the efforts of the Chinese people to establish their republic on a firm basis are hampered by unjust treaties to which the United States is a party. Conditions, says the resolution, have become worse, so that China is about to denounce the treaties that oppress her. The resolution adds:

The present situation in the Far East is one which renders it especially expedient that the United States of America should now free itself from entangling relations with other powers whose interests and policies are not identical with those of the United States, especially such as are concerned with the traffic in opium; the occupation of important and strategic ports of China; the exercise of political jurisdiction in connection with railway concessions; and, in general, the sanction of measures which infringe or tend to infringe upon China's sovereignty and administrative integrity.

China is determined to throw off the shackles of foreign control. The people of that immense nation are moving rapidly in the direction of organized self-government on a republican basis. They are entitled to the sympathy and cooperation of the United States.

There is nothing advantageous to the United States in joining a junta of powers for the purpose of imposing their will upon China. The suggestion from London that a tripartite arrangement be made by Great Britain, France and the United States, in order to present a "united front" to China, is offensive to Americans and contrary to American traditions.

Anti-British feeling is rising in China to a dangerous degree, as manifested by mob attacks at Hankow and elsewhere. This antagonism to British influence is a matter that does not concern the United States, and it would be folly for the United States to entangle itself in the difficulties that confront European powers in their attempts to take unjust advantage of China. The United States does not seek territorial or other benefits at China's expense. Its friendly feeling for China is well understood by the Chinese, in spite of the fact that the United States has allowed itself to be drawn into collective dealings.

Now is the opportune time for the United States to separate itself from other nations in dealing with China. It

How The Cartoonists View The China Situation

THE CHINESE FOOTBALL SEASON IS ON

—Brown in the Des Moines *Register*.

THE SEASON OF GENEROSITY

—Thomas in the Detroit *News*.

These cartoons from the *Des Moines Register* and *Detroit News*, which are reproduced from a recent issue of the *Literary Digest* serve to give an idea of the impression created in America by the news from China.

can and should make separate treaties with China, and it should withdraw from any concert of action with European powers in dealing with China. Their interests are not American interests. Their methods are not American methods. The influence of the United States should not be employed for the furtherance of European schemes in the Far East.

The adoption of the Porter resolution by Congress would help the President to reestablish the traditional American principle of avoidance of foreign entanglements.

Americans in China

(Washington Post, Jan. 9)

Missionaries and other Americans residing in the interior of China are in grave danger as the natives increase their antiforeign demonstrations. While there is no agitation against Americans as such, the flaming hatred that has been aroused against the British government and people is venting itself in outrages against all foreigners. The fact that Americans and Britons fraternize at Hankow and elsewhere is sufficient to involve the Americans in collisions with the natives.

Admiral C. S. Williams, commander-in-chief of the Asiatic fleet, is on his way from Manila to Shanghai on the flagship Pittsburgh to take charge of the work of rescuing Americans. Many missionaries are said to have been thrust out of their homes in Fukien province. American women and children are on their way down the Yangtze-kiang to Shanghai. The antiforeign demonstrations are becoming violent in several northern provinces. Although British and American war vessels are lying off Hankow and could intervene, they are not sending men ashore, having been warned by the Chinese authorities that such action would result in an uprising by the Chinese people. But the foreigners are skeptical as to the ability of the Cantonese government authorities to preserve order, and it seems probable that naval forces must be employed to hold the mobs in check.

The only duty of the American naval authorities in this situation is to protect American lives. Naturally, they will not stand idle when other foreigners are endangered, but will lend a hand, and if necessary the American forces will cooperate with British and other foreign forces. But it should be made clear to the Chinese that American action has no political motive whatever, and is not interfering with the Chinese factions or endeavoring to promote the political aims of any foreign power.

As soon as the situation clears the United States should take steps to negotiate separately with the Chinese government—any government that may emerge—to the end that new treaties may be made between the United States and China. This government should withdraw from the collective treaties between the powers and China, and should deal directly and singly with China. The interests and aims of the United States in China are distinct from the interests and aims of European powers. The United States has no desire to acquire any Chinese territory or to gain or hold any advantages by treaty which would impair Chinese sovereignty. The Chinese people have a right to ask the United States to separate itself from the combination of powers which insists upon interfering with China's customs and judicial systems.

The republic of China is coming into being. There is only one honorable course for the United States to pursue. That is to befriend the Chinese nation, and to deal with it as an equal.

Protection or Support

(Baltimore Sun, Jan. 10)

"When one by force subdues men," wrote the great Chinese philosopher Mencius three hundred years before the birth of Christ, "they do not submit in heart. When one subdues them by virtue, in their hearts they bless him and sincerely yield to him."

Nowhere in the world, it is safe to say, is there a worse example of the forcible subjection of a civilized people than is found at Shanghai. Since 1842, when the first concession there was wrung from China as a result of her defeat by Great Britain in the so-called "Opium War," the story of Shanghai has been one of progressive foreign aggression. In that aggression Americans have been as active as any.

It is only when the Chinese show themselves ready to assert their case by force that Shanghai foreigners deign to remember that they do not constitute a self-governing free state. Normally they are, for the most part, almost as contemptuous toward the diplomatic corps at Peking as toward the Chinese themselves. When faced with retribution, however, the International Settlement is quick to ask for military help.

The danger at Shanghai is not so much from the nationalist armies, now drawing their cordon tighter around the great seaport, as from the rising of ignorant elements animated both by the desire for revenge and loot and the defeated and demoralized troops of the northern war lords. Against this threatened chaos foreign lives and foreign property must unquestionably be guarded. But at the same time scrupulous care is necessary to avoid repeating our Nicaraguan blunder on a gigantic scale by intervening in behalf of a favored side in the Chinese war.

The foreigners in Shanghai fear the nationalist armies for the same reason that a great majority of Chinese welcome their advance. Both know that the triumph of this movement means the elimination for England, America, Japan and France of special privileges, taken from Germany and Austria by the peace treaties. Foreign Shanghai would welcome military action to drive back Chinese nationalism by force. It would be as dangerous to give the International Settlement support in this as to refuse it adequate protection during the temporary crisis inevitable when the city is attacked.

Because the Chinese are an essentially pacific race, because they have permitted themselves to be bullied and outraged by foreigners in a way no other great people ever tolerated, there are still some who think that treaties forced upon China in her period of helplessness can still be maintained by foreign troops. This school will now endeavor to show that "Western civilization" is menaced by a perfectly normal patriotic movement libeled by calling it "Bolshevik" in inception. If that argument triumphs, then is disaster really near.

The distinction between the protection of legitimate foreign interests at Shanghai and armed support for foreign aggression there need not be difficult to make in practice. To the Chinese the difference will be as clear as that between "virtue" and "force" in the contrast drawn by Mencius, more widely believed in China than is the Christian doctrine of the Golden Rule with us.

Decline of European Influence

(The Nation, New York)

For two centuries Europe has dominated the earth. We ourselves, in the beginning, were a mere outpost of Europe. But times have changed. The power and position of America in the world today are one witness of the fact; statistics compiled for the coming Economic Conference at Geneva tell another part of the story. Comparing 1925 with 1913 these figures show that whereas Europe's production of foodstuffs and raw materials has increased less than 5 per cent, her foreign trade has fallen by 6 per cent, while Asia's production has gained 20 per cent and her trade 36 per cent, and North America has gained 26 per cent in production and 37 per cent in foreign trade. One may say that this is the fault of the war, and think that the world will placidly resume its pre-war ways. Yet perhaps the war was but a chapter in a story which, half-noticed, was writing itself before that cataclysm brought sudden ruin to the old continent.

Why, after all, should Europe dominate the world? What is there in the air and soil or in the population of that stretch of earth that borders the eastern shore of the Atlantic Ocean to give it a right to control the highways and byways of all the rest of the globe? The racial stock has been scattered. Its most enterprising members have gone forth, part to settle the unsettled continents, part to develop trade with the richly settled East. Its mineral resources, if not exhausted, are at least sadly depleted. Whatever special technical capacity it may have it has by now shared with all the rest of the world.

History, looked at in the large, records no lasting predominance of the European peoples. Four or five centuries ago they started voyaging with a zest and persistence such as voyagers had never had before; and accordingly they discovered lost or unknown continents and began the development of the prodigious international trade of today. Within the last two centuries they have spread their political control over the rest of the earth's peoples. But what are two centuries, or even four of five, in the history of the earth—what can they tell of the capacities of a race? China's civilization is four or five millenniums old; and throughout that immense period, century by century, she had a richer civilization to boast of than Western Europe—until the puny fragment of time which has elapsed since the Industrial Revolution gave the West its present driving power. Today the West, having conquered the East, has also given it the weapons with which to reassert its ancient preeminence. Russians, schooled in Germany and America, travel as advisers with Chiang Kai-shek's Cantonese armies; a British general buys in Japan supplies for Chang Tso-lin's Mukden arsenal; Americans direct the technical work of the Kiangnan arsenal; General Wood is giving the youth of the Philippines military training; and Mussolini's gun-laden merchant ships are ready to sell to any buyer. Where we have superiority—in military science, in technical processes—we are selling out to the East as fast as the East can afford to purchase.

A new tide is running. Here in America we have never properly appreciated the historic significance of Turkey's successful struggle for freedom. There are still blind men among us who would refuse to ratify a treaty accepting Turkey's denunciation of the shackling capitulations, not realizing what has happened. Today China is following in

Turkey's steps. Great Britain, beaten by Canton's year-long boycott of her goods, has made a sudden reversal of policy, and offered to agree to steps which a year ago she contemptuously refused—and, more significant still, the Chinese today refuse her offers of compromise as too slight. The French, meanwhile, explain their refusal to go along with the British by saying that they cannot afford to be associated with hated England in China! A quarter century ago the Powers, by a short military expedition, brought the old Chinese Empire to its knees. Today they are rightly afraid to try force on chaotic young China—the sturdy child has in the interim learned too much about force.

If China follows Turkey she will not act for herself alone. India, another vast continent-nation with a population more than twice that of the United States, seethed with the reaction from Turkey's awakening, and is not blind or deaf to what is happening in China. All the Eastern people which are tied to the apron-strings of the white West are watching China's struggle with passionate sympathy.

Nor is this battle for freedom confined to the political sphere. England's industrial depression is partly due to the fact that India has learned to manufacture her own cotton. China, too, is struggling toward industrial independence. There are fewer British cotton mills in China today than there were five years ago, and every six years China is doubling the number of her spindles. Despite her civil wars her customs revenues in 1926 were greater than in 1925. Increasingly the economic basis of the white imperial system is breaking down. Men will manufacture closer to the sources of raw materials, instead of cluttering the channels of trade by passing everything through Europe.

Those masses of Americans who turn away from Europe do not perhaps, think out these things. But theirs may be the truer instinct, after all. Europe is not a dead or even a dying continent, but its great day is passing. Probably never again will it hold such a position in the world's affairs as it did just before it set about cutting its own throat in 1914. A new world is coming into being. The future of Latin America is still uncertain; but in the decades immediately ahead Asia and North America are certain to play roles of growing importance in the world's affairs; and they may do well not to involve themselves too intimately in the struggles of a tired continent to retain an impossible preeminence.

News from America

The following summary of news messages from the United States, received by the Review from its Washington Correspondent and by the various press associations, serve to give some idea regarding the American reaction to the present China situation:

Washington, Feb. 5—United Press message from Washington states that Congressman Black of New York introduced a resolution on the floor of the House of Representatives, requesting the House to summon Secretary Kellogg in order to question him regarding the possible existence of an inter-power agreement relating to the use of troops in China. The State Department denied the charge.

Washington, Feb. 7—State Department asks Diplomatic and Consular representatives in China to communicate to Chang Tso-ling, Chiang Kai-shek and Sun Chuan-fang a scheme for the 'neutralization' of Shanghai which obviate the possibility of fighting in the vicinity, the Kellogg suggestion stating that if the Chinese military leaders were agreeable that the United States would 'face the problem' of entering into negotiations for changing the status of the International Settlement in order to permit Chinese representation.

London, Feb. 5—Reuters report from London states that '33 American vessels and 2,500 American marines are strategically available for protection of American lives and interests in China.'

Washington, Feb. 7—Reuter message states that Kellogg Note pertaining to neutralization of Shanghai is interpreted in diplomatic circles in Washington to mean the eventual abolition of the international character of the Settlement. *Reuters* report claimed that the Kellogg Note had been submitted to the interested Powers prior to its dispatch to the Chinese leaders.

Manila, Feb. 3—Some 300 American marines arriving on the s. s. Gold Star are leaving immediately on the transport Pecos for Shanghai.

Panama, Feb. 3—U. S. Crusier Raleigh departs for Honolulu to join the Crusiers Richmond, Cincinnati and Marblehead to await orders with possibility they will be ordered to China.

Washington, Feb. 7—United States continues to watch battle between Chiang Kai-shek and Sun Chuan-fang for possession of Shanghai with 'unconcealed anxiety' especially in view of fact that Secretary Kellogg has not received any official reply from any of the Chinese leaders regarding the neutralization of the Shanghai area.

(*Continued on page 320*)

The Chinese Eastern Railway and the Russians

(*Reprinted from the Chinese Students Monthly*)

I

SINCE its inception in 1896 the Chinese Eastern Railway has been a constant and important factor affecting the peace of the Far East. Closely linked with the ambitions of Russia, China and Japan, it has been the source of international difficulties involving many of the principal Western, as well as Eastern powers. Originally built and operated by Russian initiative as an integral part of the Trans-Siberian Railway system, and running through Chinese territory, the Chinese Eastern was a contributing cause of the Russo-Japanese War of 1904-1905, a frequent cause of friction with China, and a source of anxiety to Western powers with interests centering in northern China. The special position of Russia in Manchuria touched the Open Door policy of the United States, and during the War and the Russian Revolution the powers found themselves cooperating in the management and operation of the line. Later China and Russia declared themselves alone responsible for the road and today serious differences between them are under negotiation in Manchuria. The history of the Chinese Eastern is long and complex. This article is necessarily confined to a brief survey of those points which appear most essential to an understanding of the present critical situation in the Far East.

Negotiations leading to the construction of the Chinese Eastern commenced in 1896, shortly after Russia had aided China in procuring from Japan the retrocession of the Liaotung peninsula. Construction of the Trans-Siberian Railway had begun in 1891, and the Far Eastern section of this system would necessarily swing north in a large semicircle, following the banks of the Amur river, if it were to remain on Russian territory. It was obvious to the Russian Government that if the road could be carried from Chita, near the border of Manchuria, directly southeast to the sea through Chinese territory, a distance of 950 miles, the length could be reduced by 568 miles. Furthermore, such a project would be invaluable in carrying out the Russian policy of "conquest by railroad and bank" in the Far East.

As a preliminary step the Russian Government had chartered the Russo-Chinese Bank in December, 1895. Although nominally a Russian join-stock company, four of the principal banks of Paris and many French financial leaders were among its founders. The capital, originally six million rubles, was later increased to 11,250,000 gold rubles, in addition to 5,000,000 taels subsequently advanced on permanent deposit by the Chinese Government. While appearing to be a private corporation under government protection, the bank had a political aspect which was clearly apparent.

The bank was later known as the Russo-Asiatic Bank, after its merger with the Banque du Nord in 1910. It is claimed that over 60 per cent of the shares of the Russo-Asiatic Bank are still in French hands.

The next step was a contract signed Sept. 8, 1896, between China and the Russo-Chinese Bank.

Under this contract the Chinese Government agree to pay the bank 5,000,000 Kuping taels, and to participate in proportion to this amount in the profits and losses of the bank.

The Chinese Government granted to the bank a concession for the construction and operation of a railroad establishing direct communication between the city of Chita and the Russian South Ursuri Railway, the easternmost section of the Trans-Siberian system.

The bank was to organize a separate company, the "Chinese Eastern Railway Company," for the actual construction and operation of the road, under certain broadly stipulated conditions.

The company was founded as a Russian joint-stock company, and its statutes were confirmed by the Imperial Government, Dec. 4 and 16, 1896, at St. Petersburg.

With the formation of the company, all ceded rights and obligations regarding construction and operation were transferred to it. The sole control of the line was vested in the company, as were also the rights given by China, not merely in connection with the railway, but also in the field of mineral, industrial and commercial exploitation.

The company was capitalized at 5,000,000 rubles, with 1,000 shares. Although the contract provided that the shares might be held by both Chinese and Russians, the issue was apparently handled in such a way that none of the shares went into Chinese hands. The exact ownership at present of these shares cannot be determined. In addition, bonds were issued under the authorization and guarantee of the Russian Government. These have been estimated at between 350,000,000 and 425,000,000 gold rubles.

Some of the most significant provisions of the contract were those giving the company the right to acquire not only

land necessary for the "construction, operation and protection of the line" but also "lands in the vicinity of the line" for procuring sand, stone, lime and other materials not specified.

Further provisions gave the company "the absolute and exclusive right of administration of these lands," and the right to erect buildings of all sorts and construct telegraph lines for the needs of the railway.

China agreed to be responsible for the protection of the railway and its employees against any attack. The company assumed the right, however, to employ its own police for the maintenance of order within the railway zone. This right was asserted in the statutes drawn up for the company by the Russian Government; it was not specified in the contract, nor apparently ever recognized by China.

The contract further provided that after eighty years from its completion, the railway should revert to China without payment; after thirty-six years from its completion, China would have the option of buying the railroad, upon payment in full of capital, debts and interest.

II.

Construction of the Chinese Eastern Railway commenced in 1897. In 1898 China granted Russia, under pressure, the lease of the Liaotung peninsula, and at the same time the charter of the Chinese Eastern Railway Company was extended to permit construction of a branch line from Harbin, on the main line, south to Port Arthur and Dairen. The road was known as the South Manchurian line of the Chinese Eastern Railway.

During construction of the Chinese Eastern, large areas of land were obtained by the company in the vicinity of the railway, and villages and towns were laid out and populated by Russian immigrants. As a result the railway zone became virtually a Russian colony.

During the Boxer rebellion Russian troops were sent to occupy the Three Eastern Provinces (Manchuria). Clash with the Chinese occured; at Blagovieschensk, a Chinese settlement on the Amur river several thousand Chinese were massacred when driven into the river by the Russian troops. The Boxer uprising was quickly suppressed, but the Russian forces remained in Manchuria.

As a result of protests by the United States and other foreign powers against further encroachments contemplated by Russia, an agreement was concluded on March 26, 1902, by which Russia agreed to the restoration of Chinese authority in Manchuria and the withdrawal of Russian troops within eighteen months, on certain conditions. The failure of Russia to carry out this agreement was one of the main causes of the Russo-Japanese War.

Shortly before the outbreak of the Russo-Japanese War the Chinese Eastern and its branches were opened to traffic. As a result of Japan's victory, the South Manchurian branch from Changchun to Port Arthur was transferred, by the Portsmouth Treaty, from Russia to Japan. In the same treaty Russia and Japan reserved the right to maintain railway guards on their respective lines in Manchuria. China agreed to the railroad transfer in a treaty with Japan, signed Dec. 22, 1905.

In the years following the Russo-Japanese War several agreements relating to the Chinese Eastern were concluded.

During this period the policy of the United States was expressed in a number of notes upholding the principle of the Open Door and the territorial and administrative integrity of China, and questioning Russia's interpretation of the Chinese Eastern Railway contract. This policy of the United States was brought out more clearly in the plan of Secretary of State Knox (first submitted in Nov., 1909) proposing an international loan to China for the redemption of the railroads in Manchuria before the time fixed by the various treaties. During the period of the loan the railroads were to be administered by a joint international commission. The Knox scheme was vigorously opposed by Russia and Japan, and failed to win the support of France and Great Britain, Accordingly, Russia's position in Manchuria remained intact.

In 1909 a convention was signed by Russia and China laying down the principal administration, which was in the hands of Russian officials. The other refused to approve this agreement.

Russia's special position was virtually recognized, however, by a number of foreign powers, through the Anglo-Russian Agreement of April 30, 1914, which was later adhered to by the Netherlands, Belgium, Spain, France, Denmark, Italy and Japan.

In the agreement Great Britain, and subsequently the adhering powers, agreed that their subjects living in the railway zone should be taxed on the same basis as the Russian inhabitants, on condition that the taxes be used for the common welfare.

The nationals of these foreign powers were also to be subject to local regulations, but were to be exempt from arrest by Russian police except in case in breach of the peace. The United States did not adhere to this agreement.

III

Shortly after the conclusion of this agreement the World War brought Russia and Japan, and later China, into the conflict on the side of the Allies.

In July, 1916, when the Czar's Government was hard pressed, a convention "in regard to co-operation in the Far East" was concluded between Russia and Japan. Furthermore, by an additional agreement which has not been officially published, Russia at the same time sold to Japan for 6,000,000 yen, seventy-one miles of the Chinese Eastern Railway from Chang to Laoshaokuo on the Sungari River.

The contractual status of the Chinese Eastern Railway, however, was not affected until after the Russian Bolshevik Revolution in 1917. The administration of the C. E. R. which was in the hands of officials opposed to the Bolshevik regime, vigorously supported the anti-Soviet forces.

In 1918 Japan and China concluded a number of agreements for closer co-operation in prosecuting the war in the Far East, Japan in particular being alarmed by the possible effect of the Bolshevik Revolution on her interests in Manchuria.

In order to facilitate the movement of Chinese and Japanese troops over the Chinese Eastern system, one of these agreements provided for a joint bureau (Sino-Japanese) to co-operate with the railway administration. The railway was accordingly used for transportation of Chinese and Japanese troops supporting the Russian Whites.

As a consequence of the war and the Russian Revolution, the Chinese Eastern was badly disorganized. The huge subsidies supplied by the Czarist Government were no longer available, expenses were heavy, and railway bank notes issued by the general manager failed to solve the difficulties.

To facilitate the military operations of the Allies in Manchuria and Eastern Siberia, and the evacuation of Czechoslovak prisoners, the assistance which had already been given to Russia, at her request, in the operation of the entire Trans-Siberian system including the Chinese Eastern Railway, was continued by an Inter-Allied Technical Board. This Board was organized with headquarters at Harbin, to supervise the technical and economic operation of the Siberian and Chinese Eastern Railway.

In January, 1919, an agreement was concluded between the United States and Japan, under the terms of which China, France, Great Britain and Italy subsequently cooperated. The fundamental purpose of the agreement was declared to be the temporary operation of the railways with a view to their ultimate return to those in interest, without the impairing of any existing rights.

An American railway engineer, John F. Stevens, was made president of the board, of which the other members were representatives of France, Great Britain, Italy, Japan, China, Russia (anti-Bolshevik faction), and Czechoslovakia. About $5,000,000 were spent by the board for the Chinese Eastern and about the same amount was charged by the railway for the transportation of Allied and Czechoslovak troops. These claims were the subject of a number of diplomatic exchanges.

Not long after the Technical Board was established, an important change in the status of the Chinese Eastern was brought about by an agreement signed October 2, 1920, between China and the Russo-Asiatic Bank, which claimed to be the sole share holder of the railway. Under this agreement the Chinese Government, in view of the absence of a recognized Russian government, took over temporarily the supervision of the railway, normally exercised by the Russian government. The Russian administration and police were abolished, and their work taken over by the local Chinese authorities. A new board of directors was established, with five Chinese and five Russian (anti-Bolshevik) members, the president being Chinese and the vice-president Russian. This agreement was deeply resented in Moscow, the Soviet Government was not at the time in a position to take any effective action.

When the Washington Conference met in 1921-1922 the trusteeship thus assumed by China was still in force, and the Inter-Allied Technical Board was still functioning.

IV

Although the Chinese Eastern Railway problem was one of the special items on the agenda of the Washington Conference, it proved impossible to reach any agreement among all of the powers represented, beyond the following resolution which was unanimously adopted.

"Resolved, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the railway and the persons engaged in its operation and use, a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property. That the subject should

(*Continued on page 310*)

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HAWAII TOURIST BUREAU

Dept. 7, P. O. Box 296, Shanghai, China

Chinese-Eastern R. R.

(*Continued from page 308*)

immediately be dealt with through the proper diplomatic channels."

At the same time, the powers other than China united in a further resolution (Resolution No. 12) reading as follows:

"The Powers, other than China, in agreeing to resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for performance or non-performance of the obligations towards the foreign stockholders, bond-holders and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the railroads were built and the action of China thereunder and the obligations which they deem to be the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad."

On October 31, 1922, the Inter-Allied Commission at Vladivostok and the Technical Board at Harbin brought their administration to a close.

In a note of this date, the United States confirmed the Washington Conference resolutions with respect to the Chinese Eastern Railway and reserved all its rights with respect to advances in money and materials made directly or indirectly to the railway. While also re-affirming its concern in the ultimate return of the railway "to those in interest," the United States reiterated its interest "in the efficient operation of the railway and its maintenance as a free avenue of commerce open to the citizens of all countries without favor or discrimination."

In May, 1924, it was obvious that a Sino-Russian agreement was about to be concluded, and consequently the United States addressed a note to China under date of May 3, 1924. The note, it is understood, referred to the 12th Resolution adopted by the Washington Conference, requested that China take note of its responsibility as trustee thereunder, and also called attention to the fact that the rights of creditors should be adequately protected. At the same time, the United States is said to have emphasized that there was no intention to interfere in the Sino-Russian negotiations, although China was warned against entering any uni-lateral agreement which would invalidate foreign interest.

France sent a similar note on May 7th. Previous Sino-French correspondence had taken place during March and April. France apparently advanced the claim that the Russo-Asiatic Bank had been placed under French protection in consequence of the disturbance in Russia, and that protest would be made against any alteration in the road's existing management. China replied that the bank was purely Russian, that no French protection could be recognized and that the C. E. R. concerned only Russians and Chinese. France thereupon reiterated her original contention.

V.

After prolonged negotiations, the Chinese Central Government at Peking recognized the Union of Soviet Socialist Republics and signed two important agreements with the Union, May 31, 1924, the "Agreement on General Principles" and the "Agreement for the Provisional Management of the Chinese Eastern Railway."

Of the former, Article IX is of the greatest importance so far as the railway is concerned. It provides:

"Article IX. The two Governments of the two Contracting Parties agree to settle at the aforementioned Conference the question of the Chinese Eastern Railway in conformity with the principles as hereinafter provided:

(1). The Government of the two Contracting Parties declare that the Chinese Eastern Railway is a purely commerical enterprise.

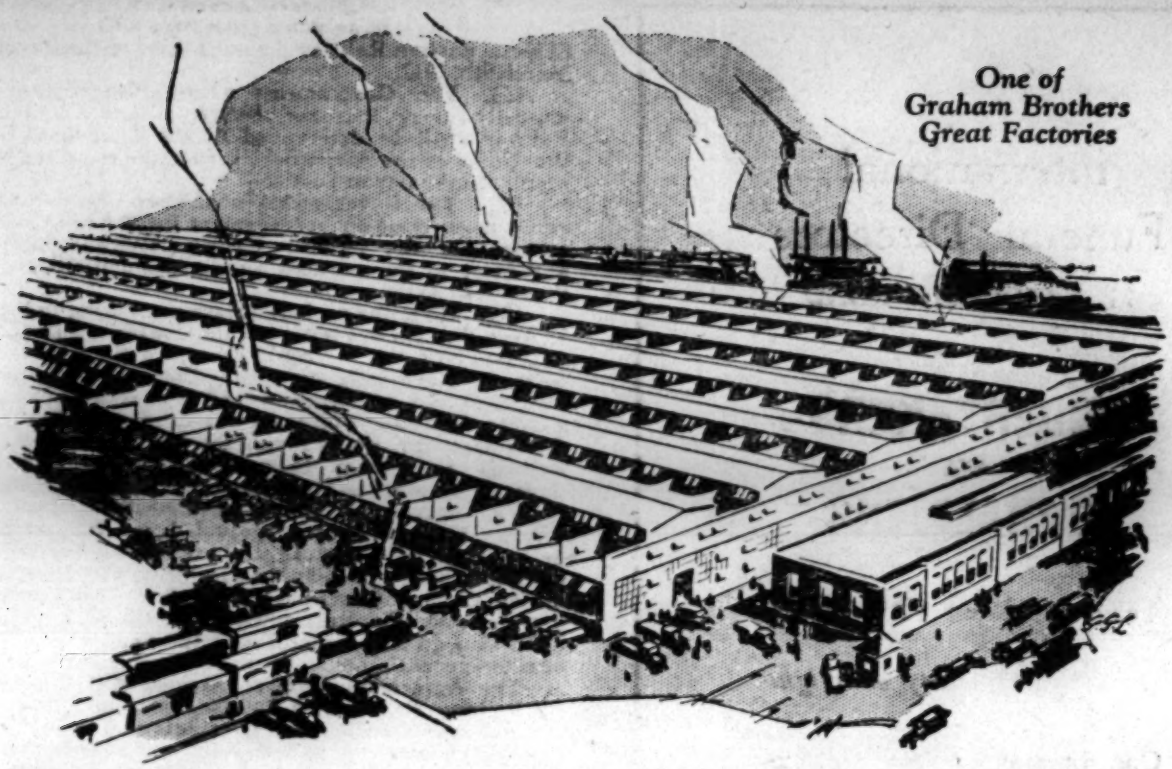
The Governments of the two Contracting Parties mutually declare that with the exception of matters pertaining to the business operations which are under the direct control of the Chinese Eastern Railway, all other matters affecting the right of the National and Local Governments of the Republic of China—such as judicial matters, matters relating to civil administration, military administration, police, municipal government, taxation, and land property (with the exception of lands required by the said Railway)—shall be administered by the Chinese authorities.

(2). The Government of the Union of the Soviet Socialist Republics agree to the redemption by the Government of the Republic of China, witn Chinese capital, of the Chinese Eastern Railway, as well as all appurtenant properties, and to the transfer to China of all shares and bonds of the Railway.

(3). The Governments of the two Contracting Parties shall settle at the Conference as provided in Article 11 of the present Agreement, the amount and condition governing the redemption as well as the procedure for the transfer of the Chinese Eastern Railway.

(4). The Government of the Union of the Soviet Socialist Republics agrees to be responsible for the entire claims of the shareholders, bondholders and creditors of the

(*Continued on page 312*)



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KIANGWAN ROAD—SHANGHAI

Chinese-Eastern R. R.

(*Continued from page 310*)

Chinese Eastern Railway incurred prior to the Revolution of March 9th, 1917.

(5). The Governments of the Contracting Parties mutually agree that the future of the Chinese Eastern Railway shall be determined by the Republic of China and the Union of the Soviet Socialist Republics, to the exclusion of any third party or parties.

(6). The Governments of the two Contracting Parties agree to draw up an arrangement for the provisional management of the Chinese Eastern Railway pending the settlement of the question as provided under Section (3) of the present Article.

(7). Until the various questions relating to the Chinese Eastern Railway are settled at the Conference as provided in Article 11 of the present Agreement, the rights of the two Governments arising out of the Contract of September 8th, 1896, for the construction and operation of the Chinese Eastern Railway, which do not conflict with the present Agreement for the Provisional Management of the said Railway and which do not prejudice China's right of Sovereignty, shall be maintained.

The Agreement for the Provisional Management of the Chinese Eastern Railway provided for the establishment of a Board of Directors composed of ten members; five of these members, including the president, were to be appointed by the Chinese Government, and five, including the vice-president, by the Russian Government. The president was to be also director-general, and the vicepresident, assistant director-general.

The Agreement further provided that the manager of the railway should be a Russian, with one Russian and one Chinese assistant manager. The chiefs and assistant chiefs of the departments are to be respectively Russian and Chinese, or vice versa. Nationals of China and Russia are to be employed on the railway in accordance with the principle of equal representation, with the proviso contained in an attached declaration that no present Russian employees are to be dismissed solely to enforce this principle, and that "the posts shall be filled in accordance with the ability and technical as well as educational qualification of the applicant." The agreement provides for the revision of the statutes of the C. E. R. Company by the Board of Directors within six months from the date of the Board's constitution.

Following the conclusion of the Sino-Russian Agreements, M. Bleuler, representative of the Russo-Asiatic Bank, was reported as making a formal protest to the Chinese Foreign Office on June 2. The protest was made, according to the information available, on behalf of the shareholders and bondholders of the C. E. R. Company against the violation of their rights by the Agreement between China and Soviet Russia, signed on May 31 without the knowledge of the said shareholders and bondholders. Copies were filed with the Peking representatives of the eight powers signatory to the Washington Conference resolution.

On June 6, Japan addressed notes to China and to M. Karakhan, Soviet Ambassador at Peking, insisting, it is said, that Japan's acquired privileges and interests in the C. E. R. should not be affected by the agreement. It was understood that the "acquired privileges" related to the through traffic between the C. E. R. and the Southern Manchuria Railway, while the "interests" included 10,000,000 yen which the C. E. R. was alleged to owe for material supplied.

After the agreements of May 31, 1924, had been signed, China delivered a reply to the American, Japanese and French Minister, dated June 16. The substance of the reply to the United States was as follows:

Prior to the conclusion of the Sino-Russian Agreement, the pronouncement of the Washington Conference referred to China's responsibility during the time of its trusteeship. Now that Sino-Russian relations have been re-established. however, the state of affairs is entirely different from what it was formerly. In the future, the two Governments of China and Russia will deal with the question of the Chinese Eastern Railway, in which only the two countries of China and Russia are concerned. This is a right which properly rests in the two Governments of China and Russia.

Furthermore, the temporary arrangement between China and Russia concerning the Chinese Eastern Railway is not prejudicial to the rights of the various powers. The Chinese Government considers that there is no need for excessive anxiety in reference to the points raised by the American Government.

In reply to Japan, China apparently refused to admit the validity of Japan's reservation of June 6, that her acquired rights and interests should not be affected by the Sino-Russian Agreement.

In answer to the Chinese note of June 16, the United States delivered a further note—apparently on July 14—which was described as "reiterating in strong terms" the American

position as set forth in the first note of May 3, while stating the feeling of the United States Government that China had ignored the fact that the United States is a creditor of the road to the extent of $5,000,000 by reason of advances made through the Inter-Allied Technical Board.

Shortly afterwards, on July 20, the Chinese Minister of Foreign Affairs stated to newspaper representatives that it was never China's intention to infringe on any legitimate claims, despite the declaration in the Sino-Russian Agreement that all matters pertaining to the road were for the exclusive consideration of China and Russia, and also that the Chinese view was that all such claims would retain their original status. He also declared that supplementary explanations had been made to Washington, and claimed that the Chinese attitude was well understood.

VI.

The region traversed by the C. E. R. is, de facto, under the control of Marshal Chang Tso-lin, High Inspecting Commissioner of Manchuria, with headquarters at Mukden. Consequently, the status of the C. E. R. is determined most directly, though perhaps not legally, by the September 20,1924, Agreement "between the Autonomous Government of the Three Eastern Provinces of the Republic of China and the Government of the Union of Soviet Socialist Republics."

This separate compact was strongly protested by the Chinese Central Government, on the ground that it, as the sole recognized government, had entered into definite earlier agreements, May 31, 1924, with the Soviet Government regarding the railway and other matters. At the time of concluding the Mukden Agreement, moreover, Chang was in open rebellion against the Central Government and the compact enabled him to withdraw his troops from the C. E. R. zone and throw them against the forces supporting Peking. The Soviet regime was considered guilty of bad faith by Peking.

In general, the Mukden-Soviet Agreement of September 20, 1924, contains almost word for word the provisions of Article IX of the Sino-Russian Agreement on General Principles, dated May 31, 1924, quoted above, and the provisions of the same date, summarized above. There are, however, certain important differences between the Peking-Soviet Agreements on the one hand and the Mukden-Soviet Agreement on the other.

(1). The Mukden-Soviet Agreement implies recognition of Chang Tso-lin, ruler of Manchuria and at that time in revolt against the Chinese Central Government.

(2). In regard to the redemption of the Chinese Eastern Railway, the Mukden Agreement provides that "The Union of Soviet Socialist Republics agrees, upon the signing of this agreement, to the redemption by China of the said railway with Chinese capital, the actual and fair cost of which to be fixed by the two Contracting Parties." (Cf. Article IX, items 2,3 and 4. of the Peking Agreement, quoted abve.)

(3). The Mukden Agreement reduces to sixty years the concession period of eighty years provided for in the contract of September 8, 1896, upon the expiration of which the line with all its appurtenances will pass free of charge to the Chinese Government. The question of further reducing this period of sixty years may be taken up for the approval of the two contracting parties. The Peking Agreement contained no such provisions.

(4). The Mukden Agreement provides that the Union of Soviet Socialist Republics "agrees to the settlement of the question of the indebtedness of the Chinese Eastern Railway Company, by a commission to be appointed by the two Contracting Parties, in accordance with Item 4 of Article IX of the Sino-Russian Agreement on General Principles signed at Peking on May 31, 1924." (Cf. Item 4, of Article IX, of the Peking Agreement quoted above),

(5). The Mukden Agreement provides that "all the net profit of the Railway shall be held by the Board of Directors and shall not be used before the question as to how to divide these profits between the two Contracting Parties is settled by a Commission to be appointed by the two Governments."

The Peking Agreement for the Provisional Management of the C. E. R. provides that "all the net profits of the Railway shall be held by the Board of Directors and shall not be used pending a final settlement of the question of the present Railway."

(6). The Mukden Agreement provides for revision of the Contract of September 8, 1896, within four months of the signing of the Agreement, by a Commission to be appointed by the two Contracting Parties. The Peking Agreement does not explicitly provide for revision of the contract, but provides for a conference to be opened within one month, to settle various questions, among them the question of the C. E. R. (Cf. Article IX, Item 7, of the Peking Agreement, quoted above).

(7). The Mukden Agreement provides for revision of the statutes of the C. E R. Company by the Board of Directors within four months from the constitution of the

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Board, thus reducing the period fixed by the Peking Agreement by two months.

Following upon the Japanese note of June 6, 1924, to which the Soviet Government replied on June 10, the Japanese ambassador at Peking addressed a further note, dated October 4, to M. Karakhan. M. Karakhan's reply was as follows:

"In reply to your note of October 4, I have the honor to inform you in accordance with the instructions from my Government (that, as was made clear in its note of June 10, 1924, the Government of the U. S. S. R. cannot take note of any reservations made by the Japanese Government in connection with the rights and interests of Japan and of its citizens in regard to the Chinese Eastern Railway. The Government of the Soviet Union also finds it necessary to point out, in confirmation of its views, that no agreement between the Soviet Union and the Chinese Republic in connection with the Chinese Eastern Railway can cause injury to any rights or interests of Japan, of Japanese citizens or of any third power, in view of the fact that, outside of China, no foreign government or its citizens can claim any rights or interests in the Chinese Eastern Railway. It was for the purpose of removing any misunderstandings that might arise in the future, in consequence of claims based on facts unknown to the Government of the U. S. S. R. or not recognized by the latter—that the Soviet Government found it necessary to make the statement to which the note of the Japanese Government of October 4 was the answer."

It is obvious that neither the Peking nor the Mukden Agreement entirely supersedes the original contract bearing upon the Chinese Eastern Railway, and that much still depends upon the interpretation placed upon the highly complex provisions of the agreements which marked the first days of the railroad.

VII

During the past months relations between the Soviet Government, the Chinese Central Government and the Three Eastern Provinces controlled by Chang Tso-lin have been strained by a series of difficulties arising from the management of the Chinese Eastern Railway. The following is a brief review of the most reliable information thus far available regarding developments since early last Summer. For the most part, however, it is not based upon sources which may be regarded as finally authoritative::

In May, 1925, the Russian Director-General of the C.E.R. dismissed several hundred "White" Russians employed on the railway. Their dismissal was opposed by Chang Tso-lin and by the Chinese President of the Board of Directors.

After fourteen months delay, the Sino-Russian Conference provided for in the Agreements of May 31, 1924, was opened in late August. So far as can be ascertained, however, no definite results have yet been achieved.

Late November a conference between representatives of China, Russia and Japan convened in Moscow to arrange for through freight and passenger traffic between Trans-Siberian and the Chinese Eastern Railway, but failed to conclude any agreement.

Meanwhile a tense situation was developing on the C. E. R. due to an order by M. Ivanoff, the Soviet General Manager of the C. E. R. which became effective December 1, forbidding the transportation of Chinese military forces on credit. Up to that time such transportation had been debited to the Chinese Government, which at that date was reported to owe the railway company some eleven million of silver dollars for transportation. Three weeks later the Russian station master at Harbin refused to honor the military passes of a detachment of Chinese local police sent to quell the activities of bandits. On January 16, the General Manager of the C. E. R. refused to transport on credit three thousand Chinese railway guard troops at Kuanchengtze (near Changchun) and suspended all freight and passenger traffic on the southern line, following disturbances by the troops. The Chinese administrator of martial law at Harbin attempted to force the railway administration to resume traffic, threatening to run the trains himself with the aid of military forces. Conferences at Harbin proved futile. On January 21, M. Ivanoff and three Russian directors of the railroad were arrested by the troops of Chang Tso-lin. The arrest was followed January 23, by a Soviet ultimatum sent both to the Peking Government and to Chang Tso-Lin, requesting within three days the restoration of order along the railway, fulfilment of all treaty obligations, and release of M. Ivanoff. The Soviet Government asked China to permit the use of the Red Army in case these conditions were not met.

On January 25, M. Ivanoff was released by Chang Tso-lin, and the Soviet Foreign Office reported a preliminary agreement with Chang Tso-lin, stating that "a peaceful solution of the railroad conflict may be considered assured."

(*Continued on page 315*)

Growth of American Trade With the Orient

By J. H. Nunn, Division of Regional Information
U. S. Department of Commerce

THE increasing importance of the Far East as a market for American products and as an outlet for Pacific Coast merchandise is emphasized by the figures for our trade with the countries of the Orient during the first ten months of 1926. They showed a marked improvement over the corresponding months of last year. Our exports to the Far East at the end of October amounted to G. $617,905,000, an increase of 18 per cent over the total of G. $522,815,000 shipped in the first ten months of 1925, while our imports from the Orient had increased from G. $1,101,388,000 in the 1925 period to G. $1,215,000.000, a gain of over 10 per cent.

The significance of the Far Eastern trade area in the total foreign trade of the United States is made clear when it is understood that the Far East consumed 16 per cent of all our exports and supplied 33 per cent of all our imports during the January-October period of this year. In the same months of 1925 the Far East absorbed 12 per cent of our exports and contributed 30 per cent to our total purchases from abroad.

Growth Despite Disturbances

This notable trade growth during the past year has been made despite keener European competition, political unrest and uncertainty, currency complication in India during the greater part of the period, difficult economic conditions and fluctuating exchange in Japan, while the continued trade disruption in China has reacted more or less unfavorably upon all of the important countries in Asia. Moreover the gain in export represents an actual gain in quantity rather than an increase in value, since cotton, the leading American export to the Orient has commanded a much lower average price than during 1925. In the case of imports, the advance is attributable to record breaking receipts of raw silk at slightly reduced prices as well as to large purchases of crude rubber at a considerably higher average price.

In this lucrative and thriving trade with the nations of the Far East products of the Pacific Coast play important roles. For example, the combined shipments of Douglas fir, lumber and timber totaled approximately 760,313,000 feet during the ten-month period, while in addition Japan bought about 239,000,000 feet of cedar and hemlock and Australia purchased 32,797 000 feet of redwood. Consumption of American wheat in the Far East increased 150 per cent and of American flour 22 per cent. Sales of our canned fish to the Orient were valued at $3,808,000 and of canned milk $4,435,000, showing the steadily developing market for these products in which the Pacific Coast is particularly interested. The market for fresh fruit, while still small, is expanding steadily as the result of lower prices and keener sales effort on the part of dealers. That trade expansion was further aided during the present year by the removal of the embargo on fresh fruits from California to New Zealand.

South Seas Development Also Marked

While each of the countries of the Far East, except Australia and New Zealand, sold the United States more than it bought in return during the first ten months of the year, it is significant that every one of the important countries increased its takings of American products in ratios ranging from 12 percent on the part of Australia to 46 per cent for the Dutch East Indies. On the basis of actual increase of value, Japan ranked first, with a gain of $23,905,000, and China, including Hongkong Kwantung, was second with an increase of $17,623,000. China, the Philippines, Australia and New Zealand contributed less of their products than in 1925, while the remaining countries increased their shares in our imports from 5 per cent for Japan to 40 per cent for the Dutch East Indies.

(*Continued on page 316*)

(*Continued from page 314*)

Subsequent discussions, however, have been unsuccessful in settling the details.

The degree of control exercised by the Russian General Management is said to be the major issue. The theoretical Sino-Russian joint partnership has been thwarted by the Russian Directors who have prevented the Board from functioning by absenting themselves from its meetings. Thus the General Manager has been uncontrolled to enjoy at least equality.

In this situation, therefore, Japan is looked upon as controlling the outcome through her power either to support the Chinese or to agree with the Russians upon a division of interests in Manchuria. Meanwhile Russo-Japanese cordiality is considerably lessened by the South Manchurian Railroad activity in financing and constructing a line from Taonanfu to Tsitsihar.

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Growth of American Trade

(*Continued from page 315*)

Six leading countries of the Orient—Japan, Australia, China, India, the Philippines and New Zealand—consumed about 93 per cent of the United States' exports to the Far East, but contributed in return only 59 per cent of the total imports, the remaining 41 per cent coming from Malaya, Dutch East Indies, Ceylon and the other rubber, spice and coffee producing countries.

Flourishing Cotton Trade

During the first ten months of 1926, according to preliminary statistics the Far East bought approximately 934,000, bales of American raw cotton, or about 15 per cent of the total raw cotton exports from the United States, 88,133,000 yards of cotton cloth, or 25 per cent of the total amount exported and 635,836,000 gallons of refined pertroleum. It also bought 93,667,000 pounds of leaf tobacco, $12,822,000 worth of cigarettes, 4 05,125 tons of iron and steel mill products valued at $35,872,000, and approximately $56,500,000 worth of machinery. As to motor vehicles, the United States sold to countries of the Orient 75,249 automobiles and trucks, or 40 per cent of the total we exported during the period, and an increase of 15 per cent over the corresponding period of 1925. These exports of automobiles and trucks, combined with shipments of accessories and parts, footed up a total value of $67,831,000. It should be noted that these figures apply only to the United States and do not include any Canadian shipments.

According to the United States Customs report for 1925, the latest complete returns available, 50 per cent of our total exports to the Orient pass through New York and 19 per cent through San Francisco, while these ports receive respectively 58 and 12 per cent of our imports from the same region. Washington shares to the extent of 12 per cent in our total exports to the Far East, consisting largely of goods billed to China and Japan, and to 30 per cent of our imports, chiefly from Japan. Oregon's share is limited to 4 per cent of exports and less than one per cent of our imports.

Japan the Best Customer

Japan continues to be the United States' leading Eastern customer, taking nearly one-third of our exports to the Orient and ranking second as a source of supply. Japan had 26 per cent of our total imports from the Orient to its credit for the first ten months of 1926, while our exports to Japan reached total valuation $202,420,000, an advance of 17 per cent over the similar months of 1925. Sales of raw cotton, to meet the demands made by the Japanese cotton mills, reached a new record of 820,000 bales for the period and showed an advance of $9,000,000 in value, even at greatly reduced prices, while shipments of machinery, wheat, petroleum, lumber, iron and steel were increased substantially. Imports from Japan valued at $385.250,000, also showed an increase of 5 per cent, attributable largely to the increased demand for American silk factories.

China Occupies Second Place

Although our export trade with China, including $9,706,000 for Hongkong and $5,416,000 for Kwantung during the ten-month period, ranks that country third among Far Eastern customers for American goods, the combined export and import trade, aggregating $230,730,000, gives it second place in our total trade with the Orient. Our exports to China for the 1926 period showed a gain of 26.8 per cent over the same months last year, while imports, amounting to $125,795,000, registered a decline of 18 per cent. China held her lead among the world markets for American kerosene with 102,000,000 gallons and out ranked all countries of the Orient in the consumption of American leaf tobacco and cigarettes. We also sold China 30 per cent more flour, besides increased amounts of machinery and iron and steel. Transportation difficulties and the imposition of heavy military taxes, which curtailed the total gains in all transactions appreciably, rendered traders extremely cautious in their consignments for the interior provinces of China, while all trade with Southern China suffered from the Canton-Hongkong deadlock, which was finally lifted October 10, 1926.

Motor Car Market in Australia

Australia has become the leading foreign market for American automobiles and trucks, this trade extending even to the smaller islands. Sales to this area during the first ten months of the year reached a total of 58,820 automobiles and trucks, or practically 78 per cent of the entire number exported to the Far East, and 32 per cent of the total number exported from the United States during that period. Australia led her neighbors with 29,827 machines purchased, worth $35,038,000. As an obvious result of this increase in automobile sales, shipments of petroleum products advanced rapidly. Total exports from the United States to Australia rose accordingly, registering $137,037,000, an advance of 12 per cent. Australia is thus ranked second in its share of American exports to the Far East and third in the actual value of increases. In contrast, however, imports reflected

the lighter demand in the United States for wool, and declined in 1926 by $8,092,000, or 17 per cent from $47,523,000 to $39,431,000.

Similar conditions obtained in trade with New Zealand. Exports valued at $35,639,000, represented a gain of 15 per cent, while imports worth $17,197,000, showed a reduction of 15 per cent.

Good agricultural conditions during the January-October period of 1926 counteracted in a measure the long continued political and economic difficulties in India, and made it possible for the United States to increase its exports to that country by 32 per cent to a total of $40,131,000. Imports also rose from $120,805,000 in the 1925 months to $131,865,000 in 1926. The largest increases in sales of American products to India occurred in machinery and iron and steel for her industries and automobiles for transportation purposes; while jute products accounted also almost wholly for the 9 per cent increase in imports from the same source.

American imports from the Philippines fell off somewhat during the year, due to a reduced demand for its coconut products and difficulties in the sugar market, but showed a gain in 13.6 per cent in exports. While imports from the Philippine into the United States declined from $95,490,000 to $88,894,000, increased sales of automobiles, cotton goods, and petroleum products more than counterbalanced losses in shipments of other staple American products to the Philippines and raised our total exports from $49,842,000, for the ten months of 1925, to $56,623,000 for 1926.

The smaller countries of Southeastern Asia afforded a steadily increasing market for United States steel mill products, machinery, automobiles, refined mineral oils, tobacco products and canned goods. Although our combined sales to these countries are relatively small, amounting to only $41,249,000, or 6.6 per cent of our total exports to the Orient during the 10 months of this year, they represent an actual advance of 38 per cent over the total for the same period of 1925. These countries constitute our chief sources of supply in the Far East for rubber, tin, spices, tea and coffee. British Malaya, alone, during the ten-month period of the current year, supplied the United States with 468,275,000 pounds rubber, valued at $275,790,000, and 81,464,800 pounds of tin worth $47,127,000. During October, a typical month's trade, this group of countries purchased from the United States 397 automobiles and trucks, $1,034,000 worth of iron and steel mill products; $692,000 worth of machinery, $225,000 worth of which was shipped to Siam; and more than a million dollars worth of cigarettes. In addition they also took 4,360,000 pounds of canned fish, 500,000 pounds of canned fruit and 400,000 pounds of canned milk.

Future Prospects Good

Prospects for a continuation of the favorable development of our trade with the Far East are good. Keener competition has necessitated a more thorough organization of trade methods, which is resulting not only in the more profitable working and expansion of old markets, but in the opening up of entirely new fields. Our trade representatives everywhere in the Orient are alive to the situation and pushing trade vigorously. Improved economic conditions in Japan are resulting in increased industrial activity in that country which will call for more raw materials and manufactured iron and steel from the United States. American capital is already finding its way into these enterprises. Typical developments like the expansion of electric light projects in Tokio and plans for additional reconstruction work in Yokohama, occasioned the placing of loans in the United States, in November of this year to the amount of $31,740,000 and tend to increase the possibilities of additional trade with that country.

While trade conditions are still trying, Chinese business men and traders appear to possess the ability to transact business under any and all circumstances. In India there is every indication that stabilization of the currency and good agricultural conditions will result in increased sales of American products, while exports from Australia and New Zealand continue to show the steady expansion of United States trade interests in those countries.

Shanghai Feb. 10, 1927

Asia Realty Company Dividend

The annual general meeting of the stockholders of the Asia Realty Company, Fed. Inc., U.S.A. was held at four o'clock Wednesday, February 9th, 1927, at the offices of the Company, 15 Nanking Road, Shanghai.

The Report and Accounts for the year past were presented and approved, Directors for the ensuing year elected and a dividend of 12% was declared on common shares outstanding as of January 1st, 1926.

Mongolia—A Nomad Republic

BY LEWIS S. GANNETT

(Reprinted from The Nation, N. Y.)

UDDE and Tuerin, on the way across the Gobi Desert, have been marked on world-maps for centuries, but they are mere clusters of *yurts*. Urga is the greatest city of Mongolia—a land vaster than the entire United States east of the Mississippi—and Urga has a population of perhaps forty thousand. It begins as a sort of Russian frontier town, with wooden houses strung loosely along a wide road; closes into a Mongol city, with *yurts*, tents, and more permanent structures hidden behind the tall log stockades that line the streets; twists, for a space, into a huddled Chinese town, and then climbs the hill, Mongol again, to the Lama City around the high temple where the mummy of the Living Buddha sits erect incased in gold when he died just two years ago. Over the occasional shops are vast signs—in stringy Mongol and chunky Tibetan characters, in the Greek letters of the Russian alphabet, and occasionally in the lovely forms of Chinese ideographs.

Urga's customs-house is a vast compound open to the sky. Snow was falling, and I attempted to carry my bags into the one covered shed. Three large Mongols rapidly removed me and my bags, to the vast amusement of the camel-drivers and idlers who seemed to spend their days placidly smoking and watching the encircling mountains. I was at a disadvantage because I could find no one who understood a word of any language that I knew. I conld indicate by signs that the wet snow was not good for my clothes, but they were unimpressed. Slowly, with vast interest, they shook out my garments, one by one. They held up long woolen underdrawers for the amazed inspection of the considerable crowd that had gathered. They stopped to play with Chinese toys that I was bringing home to my small son. They tried on a necklace intended for my sister. Finally they came upon some letters, and these they stuck in their belts. Some of these were to Feng Yu-hsiang, the Christian general, who was then in Urga, and their seizure broke my patience. Loudly protesting in pigeon English as unintelligible to them as their Mongol was to me, I removed the letters from their belts and put them in my pocket. Their voices rose; the crowd increased. Finally I had an inspiration. With some of the letters I was done. So, ostentatiously, I divided the packet, presenting them with the larger share and keeping those I still needed; this they regarded as equitable, and we beamed agreement at each other. At that point I remembered my radiolite wristwatch, and when I showed them that fascinating toy, peace was sealed. They did not even open my second bag.

The Russian chauffeur reappeared and assured me that I could get my passport back tomorrow. I had already learned enough Russian to understand the word for tomorrow; and *margash*—tomorrow—was the first word of Mongolian that I came to understand. I doubted, but there was nothing to do but let it go, after an exhausting cross-examination in sign-language as to my age, marital condition, and number of offspring. The Mongols are having a fascinating time learning to be modern, beginning with passports and permits.

The Russian consulate was the next stop. The Consul was perturbed. He did not like Americans, but I had a friendly letter from Karakhan, the Russian Ambassador in Peking. And what was he to do with a man who spoke no Eastern language? Nikiforoff himself, I later learned, spoke Chinese, Mongol, Persian, Turkish, and several Cossack dialects, but he knew no French, German or English. Fortunately he had a German secretary, and one of his assistants spoke some French. We finally agreed that I would seek out the Marshalls and hope for shelter there.

Marshall is the last outpost of the West in Mongolia. Russian influence, aided by Chinese civil war, had made it almost impossible for British and Americans and other Westerners to do business via China. The trade now moves north, via Russia. But the International Export Company still maintains its compound, and exports a few skins; and Marshall and his wife and his assistant live in Urga as Englishmen do in their trade empire on which the sun never sets. The Marshalls even had a bathtub—the only bathtub in all Mongolia. They had a phonograph, too, and our car, apparently, brought mail for them from Tientsin, and a new record: "I want to be happy." I shall never be able to think of Urga without hearing the whining beat of that record. Every night, after supper, the sounds rang out with a kind of sinister precision. No one else in Urga spoke English; two of the Marshalls' three children had never learned the native tongue of their parents; Jimmy, the eldest, when I showed him a picture of my son, said: "I wish you had pulled Michael out of your pocket instead of his picture. I'd like

to play with a little boy who talks my language." The long, cold winter tells on lonely Anglo-Saxons isolated there on the roof of Asia; and, it had not helped matters when, a few days before my arrival, Mrs. Marshall, entering the kitchen in the morning, had stumbled against the body of her lovesick Russian cook, hanging to a stove-pipe. They all wanted to be happy.

The Marshalls were hospitality itself, but politically their position in Urga was weak, and th-y did not know me. The Russian Consul was even more suspicious; and the task of seeing people in a strange city where hardly a soul spoke any Western tongue but Russian was complicated. Eventually I discovered a few possible aides. There was Domba Dordji, the president of the People's Party of Mongolia, who had learned a little English in Moscow; Dalai Badmadjopoff, son of the Minister of Justice, who had been to an American school in Tokio; Zaparin, the Russian trade representative, who spoke all the languages in the world and would have been more usefu! if he had not been presiding over a series of trade conferences which met three times a day; and Vsevsiatsky, a passionate Russian prison reformer, whose wife spoke German.

It is lonely in Urga. Mrs. Nsevsiatsky, for instance, was a high-spirited Russian girl who had almost finished her medical training in Petrograd when the war came hear in 1920. She served as a doctor at the front; the bloody experience spoiled her for medicine, and she turned first to philology and then to natural science. She came to Urga as an expert attached to the staff of the explorer Kozloff; quarreled with him, fell in love with and married Vsevsiatsky, who had left his boys' penal colony in a Moscow suburb to help the Mongols work out their first written code of laws And now she was tied down in Urga by her small daughter, named Gobi after the desert; and another child was on the way. Her career was gone. Would she die a provincial official's wife there at the end of the earth, she wondered? Vsevsiatsky's job was the compilation of codes, but his passion was prison reform. A genial, redbearded, blue-eyed Russian, he had persuaded the Mongols to abolish corporal punishment from the statute-books, but wherever he traveled he found it still in vogue. He showed me photographs of the *mogelun*, the coffin-like box in which the Mongols used to incase their prisoners, with its single hole through which the prisoner received food and air and, occasionally, removed excrement. He had a little penal museum of rods and whips taken from provincial prison officials. He lamented the universal laments. "The old officials are hopeless," he said, "they do not even want to understand the new system, and the young men do not know enough and will not work.,'

Again and again in that week in Mongolia I found myself comparing Russian advisers with the Christian missionaries in China, trying to teach a people things it did not want to learn. The Mongols were enthusiastic about the Russian-conducted veterinary station, but they had no interest in agricultural experts. (They dread tillage, inclosure of the land, as a sure forerunner of loss of independence.) They welcomed Buriat Russian school-teachers, but the Russian doctor in charge of the Urga hospital complained that they had cut off his appropriation for training nurses, insisting that any Mongol soldier could nurse well enough without training.

School is a difficult problem in Mongolia. Under the old aristocratic regime* no one but the priests learned to read, and few of them. I brought back with me a copy of the first schoolbook ever printed in Mongolia, just off the new printing press, imported from Germany. A census of the ruling People's Party, which includes the progressive, thinking younger generation, had just revealed that even in that advanced group only 1,894 of 5,100 could really read; only 24 knew any language other than Mongolian. Many of the teachers are perforce Buriat Mongols from the other side of the Russian frontier. Pictures of Lenin and Marx were interspersed with drawings of Roy Andrews's fossil baluchitherium and of polar bears, with human skeletons and German butterflies on the walls of the two-story log-cabin schoolhouse which is the educational pride of Mongolia. This, the oldest school in Mongolia, has a history of five years; of its eighty pupils twenty were studying English, fifteen Russian, fifteen Chinese, and the rest were still struggling to master the wriggling letters of their native tongue.

Domba Dordji, struggling to exhaustion, in a manner that I understood only too well, to express himself in an unfamiliar tongue, told me of his party's fight to train a democratic younger generation able to replace the hereditary princes and feudal grand lamas whose medieval domination still threatened the young nomad republic. He proudly showed me their first publications, introduced me to members of the cabinet-three former aristocrats, a teacher, a clerk, an ex-priest, and two who three years ago were tending flocks on the plains—and outlined the simple system of taxation. Poor people, which means people who own less than ten sheep, pay no taxes. Those who own between ten and a hundred sheep pay one sheep in taxes; those who own more than a hundred but less than a thousand pay ten; and so on. For purposes of taxation a goat is reckoned as the equivalent of a sheep; ten sheep make an ox or a cow; and two oxen a camel.

Old Tseren Dordji, the adventuresome Prime Minister who had managed to hold office under the Manchu emperors, under the Czarist Government of pre-war days, and under the free, so-called "Red" Government of today, proudly outlined for me the history of his people. They had twice conquered China, he said, and had never been conquered by them. Under the Manchus, he insisted, they had been allies; in recent years the Chinese had broken all agreements, and that was done forever. When I asked about the Russians he scowled, pursed his thick lips, raised his eyebrows, and then smiled a smile that broke into a laugh. "You foreigners think that the Russians are everything in Mongolia," he finally said. "It's not so. We Mongols have been left behind by civilization, and we need help. So we have invited Russians to aid us in building a national bank and an army, in organizing cooperative societies and a customs service. We like their experts; we trust them; but they will not always be here."

*Under the Manchus Mongolia was governed from Peking through its feudal chieftains. The Mongols refused to recognize the Chinese Republic in 1911 and declared their independence, which China, in a treaty which Russia also signed, recognized in 1915. This independence, however, amounted to acceptance of Russia's protection. After the Russian revolution China reasserted its control, but the Chinese troops were driven out in 1920. The White Russian regime which followed was overthrown in 1921, with the aid of Soviet Russian troops, and the present people's republic, opposed to rule of princes and priests, was established. Its constitution, adopted in 1925, is printed in the International Relations Section of this issue of *The Nation*.

Kellogg's Proposal for 'Neutral' Shanghai

The following is the full text of Secretary Kellogg's proposal for a neutralization of the Shanghai area which was handed simultaneously to Marshals Chang Tso-ling, Sun Chuan-fang and Gen. Chiang Kai-shek on February 7:

"By the direction of the United States Secretary of State the American Minister has the honor to make the following communication, 'The fate of American interests in the International Settlement of Shanghai during the course of the internecine warfare now unhappily in progress in China is the occasion of great anxiety to the American Government. As a result of the efforts of two generations of Chinese and foreigners in the area Shanghai has acquired a foremost position among the world's great ports. There are now living in the settlement nearly 4,000 Americans and probably 30,000 foreigners altogether who have made the settlement their home.

" 'The arrangement for this Settlement is of long standing and was made with the local authorities in China and recognised by the national Government. Huge sums have been invested by Chinese and foreign citizens in municipal and harbor improvements, buildings and attendant paraphernalia for International trade. The settlement is a vital center of commerce that ramifies throughout China and extends throughout the world.

"To a supreme degree the interests of Chinese and foreign people in Shanghai require that order shall prevail. It is a port through which passes 40 percent of China's trade upon which millions of Chinese depend for a livelihood. From the earliest days the interests of nations in the international Settlement have prospered in time of peace and has suffered when there has been strife in the region surrounding Shanghai or in the country at large.

"In order at least to minimise as much as possible injury to persons and property, both Chinese and foreign living in this port, it has been a uniform policy of foreign residents and their Governments to keep the settlement aloof from factional disturbances and, as far as it could be accomplished, rigorously prevent it being utilised by any faction.

"Co-operation of the authorities controlling Kiangsu in carrying out this policy has been asked and received and has been remarkably successful. In recalling these facts to the Chinese military commanders the American Government is confident that they will lend their sincere support to the proposal now made that the international settlement at Shanghai should be excluded from the area of armed conflict so that Americans and other foreigners may receive adequate protection.

'The American Government will be ready on its part to become a party to friendly and orderly negotiations properly instituted and conducted, regarding the future status of the settlement.'"

News from South China

Public improvements in Canton recently included the opening of a playground at the Yueh Hsiao Park. The space is large enough to accommodate the next Far Eastern Olympic Meet in China in case it is decided to hold it in Canton.

Except for piracies and the rivalries between the Kuomintang factions which seem to have become chronic in the social system in South China, Canton and vicinity have been comparatively quiet the last few days. Canton merchants were able before the Chinese New Year to get the consent of the Kuomintang not to support the workers who would not leave their employments on the second day of the first moon according to the Chinese calendar, which is the customary period for the annual appointment or dismissal of *fokis* or shop assistants. Therefore, Canton merchants may still have the privilege one day in a year of selecting their employees.

With press censors at Hongkong and other ports in South China preventing free expression of opinion, it has been unable to get much out of the editorials of Chinese newspapers regarding the Kuomintang-British controversy over the Hankow issue. Moreover, the Chinese Press has been having its annual holidays to celebrate the Chinese New Year since January 25, and no more publication will take place until February 7.

The proposed agitation for the exclusion of foreign employees from the Chinese Customs and Postal Services beginning with those at Canton will be postponed to a later date, it is understood, on account of the non-return of their leader to Canton from Central China. Most of the professional labour leaders have gone to Hankow to consult with officials of the Nationalist government.

The John G. Kerr Hospital for the Insane at Fontsuen, an institution supported by Americans, closed before the Chinese New Year at the instance of labour tyranny, following the precedent of the Canton Hospital which suspended a year ago. Missionary institutions like the Wah Ying College at Fatshan, Trinity College at Canton, and others have already closed their doors for some time; while the Canton Christian College will go under Chinese management on July first. The Pui Ying School, of the American Presbyterian Mission, is also arranging for a committee of Chinese to take the affairs over with property still legally in the hands of the Mission. So far the only foreign managed institutions in Canton still untouched by the extremists of the party in power are the French Catholic Mission at Tai Sun Street, the Japanese Pok Oi Hospital on the Second Bund, East, the True Light Middle School for Girls at Paak Hok Tung, the Hackett Medical College for Women, and the St. Hilda's School. Of course, a few small Mission schools have been able to run without being noticed by the agitators but they have more Chinese than foreign appearance. The American-Chinese educational institutions at Saae Chuen, while receiving support from Americans, are nominally Chinese according to their announcements and registration. The radicals have so far failed to trouble the several institutions mentioned above owing to the non-sympathy of Chinese girls towards the radical movement as a whole. At the same time these institutions have given the extremists no chance to interfere with their internal affairs.

For the first time in Hongkong there was a Chinese Interport football game, which was played during the Chinese New Year holidays, when a East China eleven from Shanghai met the South China. The Hongkong Chinese eleven won by four goals to one. Also for the first time a Chinese acted as a referee in a regular interport game. The teams lined up as under:—East China:—Ho; Voong and Lau Kau; Mao, Liang and Leung; Hu, Yip, Lee, Lee Wai Tong and Chen. South China:—Pau Ka Ping; Ng Kum Chuen and Lai Yuk Tat; Ko Sic Wai, Wong Shiu Wa and Lam Yuk Ying; Tso Kwai Shing, Fung King Cheung, Wong Pak Chong, Suen Kum Shun and Chan Kwong Iu. Mr. Au Kit Sang was referee. The East China team came to Hongkong on February 3rd under the auspices of the Chinese Amateur Athletic Federation, South China Branch. H. C. Yu was manager of the East China team, while Dr. C. C. Yung, also of Shanghai, came as special representative of the National Chinese Amateur Athletic Federation with which the South China Branch is affiliated.

A number of American Fathers of the American Dominican Procuration, who arrived in Hongkong recently with other refugees from the interior of Fukien, departed for Seattle by the S. S. *President Jackson*, on February 4. Fukien, it may be recalled, was occupied by the Kuomintang more than a month ago. The radicals there persecuted the Christians, forcing many Missionaries to leave the country. Many have arrived in Hongkong. Four American men and 22 women and children left Hongkong a week ago for Manila.

H. W.

Canton, February 5, 1927.

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News from America

(*Continued from page 307*)

Washington, Feb. 7—Secretary Kellogg declares that negotiations affecting the future status of the International Settlement of Shanghai will be faced by the United States with an 'open mind' and that America would not look unfavorably upon Chinese representation upon the Municipal Council of the International Settlement.

Washington, Feb. 10—State Department announces that it is still waiting for word from Chang Tso-ling, Chiang Kai-shek and Sun Chuan-fang regarding Kellogg's proposal for a neutral zone about Shanghai.

Washington, Feb. 10—Senator Borah of the Senate Foreign Relations Committee declares that the situation in China becomes dangerous owing to Britain's decision to send troops to Shanghai and that 'if bloodshed results, he can see far-reaching complications, owing to his belief that the Chinese will not submit.

Ottawa, Canada, Feb. 10—Prime Minister W. L. Mackenzie King, declares in Canadian House of Commons, according to *Reuters* report, that Canada does not intend to send troops to China, 'but if the situation changed the Government would consult Parliament.' Canada sympathized with China's aspirations, the Prime Minister declared, and stated his belief that Britain was 'going as far as possible to meet them.'

Washington Feb. 12—White House 'Spokesman' denies reports that American marines have been landed at Shanghai, stating that some 250 marines who arrived from Manila were transferred from the Transport Pecos to the American warcraft in the Shanghai harbor and that they would not be landed unless a disturbed situation developed in connection with a transfer of authority on the part of Chinese forces in the neighboring Chinese districts. American marine and sailor force at Shanghai now amounts to about 1,100 including 500 marines and 600 sailors.

Washington Feb. 14—U. S. Transport Chaumont carrying 1,250 marines from San Diego, Cal., now enroute to Manila is expected to sail from Honolulu shortly, but whether the transport will call at Shanghai prior to proceeding to Manila is unknown.

Chinese Move Toward Representation on Municipal Council

The Chinese Ratepayers Association of Shanghai has now made a definite move for obtaining representation on the Municipal Council of the International Settlement and has appointed a committee of nine to initiate negotiations with the foreign authorities. The committee is composed of Dr. C. T. Wang, chairman; Feng Sao-san, Sung Han-chang, Yu Ya-ching, Wang Sun-san, Hsu Sing-loh, Huang Sung-moh and Dr. David Z. T. Yui, all of them being prominent Chinese merchants, bankers and residents of Shanghai.

According to a recent announcement of the Chinese Ratepayers Association the proposal of the Shanghai Municipal authorities, made two years ago for the election of three Chinese to the Municipal Council has been rejected and the Chinese now demand that they be given nine seats which would place Chinese interests on a parity with the foreigners who now have nine members, six being British, two Americans and one Japanese.

The Chinese Ratepayers Association was formed in 1922 when the Chinese first made demands for representation on the Council. The present membership is 2,446, the qualifications for membership being the same as is required on the part of foreigners in order to vote in Municipal elections. Dr. C. T. Wang, former acting premier, minister of foreign affairs and chief of the Chinese delegation at the recent Peking Tariff Conference is chairman of the organization. Dr. Wang was instrumental in organizing the Association in 1922 and was president for the first two years, following which Mr. Yu Ya-ching was elected chairman.

When the Chinese made their first proposal for representation in Shanghai the proposition was turned down unanimously by the foreign ratepayers on the recommendation of Sir Edward Pierce, then chairman of the Council. The Council did, however, at that time authorize the appointment of a Chinese advisory committee of five. This committee was appointed, but for some reason was never able to function, the Chinese claiming that the Committee was never consulted. In 1925 following the May 30 troubles, the Chinese Advisory Committee resigned in a body. At the Ratepayers meeting following the May 30 incidents the foreign ratepayers upon the recommendation of S. Fessenden, chairman of the Council, adopted a resolution 'granting' the Chinese three seats on the Council. The Chinese, however, have never accepted the appointments basing their refusal on the grounds that the Council has refused to assure the Chinese that they would have an equal position with the foreigners. Now the Chinese are demanding nine seats on the Council, basing their action upon the recent declaration of Sir Austen Chamberlain, Minister of Foreign Affairs of Great Britian, that the British Concessions in China are shortly to be placed under Sino-British joint control, and upon Secretary Kellogg's recent declaration stating that the United States was willing to face the problem of changing the status of the International Settlement in order to provide for Chinese representation.

Men and Events

St. John's University opened for the spring term on Tuesday, Feb. 15.

A dinner dance was held at the Union Club of China on the evening of Tuesday, Feb. 15.

Dr. J. T. Proctor of the Baptist Mission has returned to Shanghai from an extensive trip to Siam and Straits Settlements.

Ernest M. Hayes has been elected financial secretary of Community Church, Shanghai, in place of Gordon Thompson who has resigend.

Monsignor Tsu, one of the Chinese Bishops recently consecrated at Rome, who has been visiting in France, sailed for China on Feb. 12.

A Valentine dance and entertainment for the men of the U. S. Fleet stationed in Shanghai will be given at the Navy Y. M. C. A. on Friday evening, Feb. 18.

R. H. Powers who was formerly connected with the advertising department of *The China Weekly Review* is now in Cairo, Egypt, according to a message recently received in Shanghai.

George Kin Leung delivered an address before the Royal Asiatic Society on Thursday, Feb. 10 on the subject, "Mei Lan Fang and His Art." The lecture was illustrated by lantern slides.

Miss Adaline Hanna and Paul Wentworth Brown of Shanghai were married on February 17, the wedding being followed by a reception at the Navy Y. M. C. A. Mr. Brown is secretary of the Navy Y. M. C. A.

M. de Gaiffer d'Hestroy, former manager of the Banque Belge pour l'Etranger in Peking, committed suicide in Paris on Feb. 9 jumping from the window of an apartment house. He was suffering from neurasthenia.

S. L. Chang has been appointed manager of the China Publicity Company, a subsidiary organization of the Commercial Press of Shanghai, which has its office 26A Paoshan Road. C. T. Tung, former manager has resigned.

Two Chinese couples were married at Community Church, Shanghai last week. They were Lee Keh-nsing and Miss Liu Chien-yuin and Ting Wu-sze and Miss Lee Keening. Mr. Ting and Miss Liu came from Hangchow and Mr. and Miss Lee from Canton.

Dr. C. C. Wu, former mayor of Canton addressed the International Industrial Service League on Tuesday, Feb. 15 at the hall of the Royal Asiatic Society. The honorary secretaries of the International Industrial Service League are B. T. Kyong and Miss E. M. Hinder.

Some 18 members and guests of the Shanghai Chapter of the Daughters of the American Revolution held a meeting on Wednesday afternoon, Feb. 9 when plans were discussed for holding a children's Washington Birthday party. The meeting was held at the home of Mrs. Guy C. Stockton.

More than 100 Chinese soldiers were killed and wounded and seven cars were burned when a troop and ammunition train belonging to Marshal Chang Tso-ling caught fire on the Peking-Suiyuan Railway on Feb. 8. The troops and munitions were being moved from Suiyuan to Peking.

The Mercantile *Guardian*, trade paper in London, publishes the following note regarding E. M. Gull, former secretary of the British Chamber of Commerce, Shanghai, who has gone to London to accept a position as secretary of the British China Committee and the British China Association:

"A welcome to Mr. E. M. Gull, for seven years secretary to the Shanghai Chamber of Commerce and our Associated Chambers of China and Hongkong, who has returned to London, where he is already busy acting as secretary of the China Committee and joint-secretary (with Mr. A. Wilcox) of the China Associations, of 99, Cannon Street, E. C. The Shanghai Chamber and its wide-awake *Journal* will miss him, but the dim, old offices in Cannon Street will, I think, gain by their new acquisition. Committees want livening up, particularly in these critical times."

The Australian Federal Government is sending a trade commission to the United States this year for the purpose of studying industrial conditions with the idea of applying American experience to bettering conditions in Australia. The Australian Commission will be representative of all sections of the country.

A rubbing containing a reproduction of the handwriting of Lo Yuan-han, scholar who lived in 1740, has been presented to the University of Missouri, according to a report appearing in the *Columbia Missourian*, for Jan. 8. The rubbing was presented to the school by Dun H. Lo a Chinese student now enrolled in the School of Journalism of the University.

Hugh Dautrement, a private in the 33rd U. S. Infantry, stationed in the Philippines has been arrested by the American authorities charged with complicity in the robbing of a mail train in the State of Oregon in August, 1923 and the killing of four men. Dautrement had apparently enlisted in the U. S. Army under the name of "James Price" immediately following the robbery.

Representative Harry B. Hawes of St Louis has introduced a bill in Congress prohibiting agents of foreign governments from living in Washington, D. C., and conducting propagandas for the purpose of influencing the action of the American Government. Senator Wm. E. Borah, chairman of the Foreign Relations Committee of the Senate has expressed his approval of the measure.

A political training school for Chinese women, which has been opened in Hankow by Mrs. Sun Yut-sen, was officially dedicated on Feb. 12 when addresses were delivered by Mrs. Sun, and by various officials of the Nationalist Government. The school will train a selected group of Chinese women in Kuomintang history and organization and revolutionary technic. The course will last for six months.

H. Francis Misselwitz, special correspondent for the *United Press Association* in the Far East has arrived in Shanghai from Tokyo and expects to remain here for sometime. Mr. Misselwitz is a graduate of the School of Journalism of the University of Missouri and has been engaged in newspaper work for several years. He has recently been connected with the editorial department of the *Japan Advertiser* in Tokyo.

The Nationalist Government has sent a communication to M. Destelan, French co-director of the Chinese Government Post Office Department, stating that in future all Chinese postal commissioners in territories controlled by the Nationalists will be appointed by the Nationalist Government, Department of Communications and that in future no Peking appointees will be permitted to assume or continue in office.

The Chinese General Chamber of Commerce of Shanghai in company with a number of other influential Chinese organizations, has sent a strong protest to Peking against the landing and stationing of British troops in Shanghai. The protest states that in view of the Chinese intentions to press for the return of the foreign concessions it is hoped that the British will not use force to 'quell the Chinese legitimate aspirations.'

Eugene Black and Henry Honore, members of the U. S. Marine Corps, now stationed aboard the U. S. Naval vessels in the Shanghai harbor were arraigned in the U. S. Court on Saturday, Feb. 12 charged with assaulting Chinese rickshaw coolies. According to the evidence the men were intoxicated. The men were bound over for appearance before Judge Purdy, in the meantime being held in custody on board the U. S. S. Pittsburgh.

Two British transports, the Vasna and the Takliwai carrying approximately 1,500 British troops arrived in Shanghai on Saturday morning, Feb. 12, the troops being battallions of the Gloucestershire and Durham Regiments which have been stationed in India. The troops were disembarked on Monday morning, Feb. 14 and are now stationed at the Shanghai Race Course and the Shanghai Waterworks Company.

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(155)

In the United States Court for China

HELEN INGRAHAM, Plaintiff,
vs
CHARLES N. INGRAHAM, Defendant.

Cause No. 2896
Civil No. 1184
SUMMONS
Filed at Shanghai, China, Clerk.

The President of the United States of America

To the United States Marshal for China and his Deputies—
GREETING:

You are hereby commanded to serve this Summons and a copy of the petition in the above entitled action upon the defendant

CHARLES N. INGRAHAM

and to notify him to be and appear before this Court on or before the fortieth day after service hereof to file written answer on oath.

(SEAL) WITNESS the HONORABLE MILTON D. PURDY Judge of the United States Court for China, Shanghai, China. Feb. 7, 1927.

L. T. Kenake,
Asst. Clerk

Excerpt from Regulations, Section 8: On proof of due notice, judgment by default shall be procured against any defendant failing to appear and file his written answer as required.

In the United States Court for China

HELEN INGRAHAM, Plaintiff,
vs.
CH RLES N. INGRAHAM, Defendant.

Cause No.
Civil No.
ORDER.
Filed, Shanghai, Feb. 7, 1927.
James M. Howes
Clerk.

ORDER:

The object of this suit is an action for divorce.

On motion of the complainant, it is this day of Feb. 7 1927, A. D., ordered that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the day of the last publication of this order; otherwise the cause will be proceeded with as in cause of default.

MILTON D. PURDY
Judge.

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According to a dispatch from Stockholm appearing in the Paris edition of *The Chicago Tribune* on Jan. 4, stating that Sven Hedin, Swedish explorer has obtained a concession from the Peking Government to start a new expedition of exploration into the desert regions of Central Asia. Sven Hedin conducted explorations in this district 30 years ago and that time succeeded in discovering several forgotten cities of Chinese Turkestan. He is now 61 years of age.

The Buddhist Canonical Institute, located at No. 152 Bubbling Well Road, Shanghai, was formally opened at a special ceremony and reception held on Sunday, Feb. 13. According to a manifesto issued at the opening ceremony it was stated that "since the present materialistic world of utmost extravagance and extreme competition is now about to exhaust its life and to lose its spiritual origin, the aim of the present institute is to convert all to the laws of Buddha."

Shanghai College, operated under the auspices of the Baptist Mission, reopened this week, the enrollment being larger than previously. According to announcement last week the College is planning the construction of a new unit to the Library Building. Among the new members of the faculty is Dr. Ling Tien-ti, a graduate of the school in 1919 who has been engaged in educational work in South China. He is a graduate of Brown University and has had considerable work in American laboratories and factories.

Sir Francis Aglen, Inspector General of the Chinese Maritime Customs, who was officially dismissed from his position by mandate of the Chinese Government on February 1, sailed from Shanghai for Tientsin on Feb. 1, hence did not receive word of his dismissal until he reached Tientsin. Sir Francis Aglen entered the Chinese Customs Service in 1888 and after advancing in the service was appointed Inspector General in 1911 succeeding the late Sir Robert Hart. He has received many decorations from the Chinese and other Governments.

Hon. and Mrs. L. C. Dyer on Dec. 19 entertained at their home in Washington, D. C., Mr. and Mrs. E. S. Cunningham who are now at home on leave. Among those present at a reception given in Mr. and Mrs. Cunningham's honor were several members of the Senate and House of Representatives and their wives and Dr. and Mrs. Sao-ke Alfred Sze of the Chinese Legation in Washington. Mr. Dyer, who is from St. Louis has long been interested in China and fathered the China Trade Act through Congress four years ago. Miss Martha Dyer, a daughter of Mr. and Mrs. Dyer, who is now the wife of Dr. Daniel J. Collins is a resident of Shanghai.

The International Telephone and Telegraph Corporation of New York, parent organization of the China Electric Company of Shanghai and Peking has been awarded the contract for the construction of 40,000 lines of automatic telephone exchange equipment to be installed in Paris, France, the installation to be handled by the French associated company, Le Material Telephonique. The entire equipment will be manufactured in France, according to the announcement. The Paris installation will be similar to automatic telephone equipment which has already been installed at Brussels, Budapest, Bucharest, Copenhagen, The Hague, Madrid and Oslo.

A delegation of leading business men from Vancouver, British Columbia will make a tour of the Far East in April, according to information recently received in Shanghai by Col. L. M. Cosgrove, Canadian Trade Commissioner. The delegation will consist of between 25 and 30 business men and will include the following: Blake Wilson, managing director of P. Bu.ns and Co., largest packers of meats in the British Empire; F. E. Burke, late chairman, Canadian Manufacturers Association, British Columbia Division; J. E. Hall, general manager, Vancouver Milling and Grain Co., Ld.; A. Melville-Dollar, president, Canadian-American Shipping Co.; H. R. McMillan, one of the leading lumbermen of British Columbin F. C. Clendenning, president, Empire Shipping Co. Ltd., Robert McKee, president, Canadian Grain Export Co.; W. E. Payne, executive secretary, Vancouver Board of Trade ;aad others.

James A. Farrell, president of the U. S. National Foreign Trade Council has announced that the next annual meeting of the organization will be held in Detroit, Mich., on May 25, 26, and 27. According to a statement issued by Q. K. Davis, secretary of the organization, preparations are being made for an attendance of 2,000 delegates this year.

A new Chinese bank to be known as the Overseas Chinese Banking Corporation will be opened in Shanghai shortly under the management of Yang Tchang, commissioner-general for Overseas Chinese Affairs. The authorized capital is $10,000,000 but thus far only $2,700,000 has been subscribed. All of the subscriptions are from Chinese residing abroad.

From the Chinese Press

February 10—Nationalist Government will complete removal of all offices to Hankow before middle of February, but the matter of removing the headquarters of the Kuomintang party to Hankow will not be decided until the arrival of Gen. Tan Yen-kai—Nationalist Government officials plan regulations controlling operation of ships on Upper Yangtsze in order to prevent accidents—Communications of Nationalist Government appoints liquidation committee for China Merchants Steam Navigation Company and issues orders forbidding the sale or transfer of assets—Peking Ministry of Foreign Affairs appoints committee composed of Chang Hsueh-jien, Hsu Hsi and Chwang Ching-kuo to handle the rendition of the Belgian Concession in Tientsin—Salt Industrial Bank files suit against Peking newspaper *Morning Post* over publication of article regarding Hankow branch of Bank—Rumored that Peking Government may grant Sir Francis Aglen year's leave of absence on pay as 'face-saving' gesture—Chang Tso-ling compliments Lo Wen-kan for dismissal of Aglen—*Kuo Wen* report states that 'Independent Party' in Korea is becoming active—Generals Tien Shi-chi and Li Pu-ching formerly commanders of 'Allied' forces in Shensi, were beheaded at Loyang owing to charges of their disloyalty—Chinese Ratepayers Association of Shanghai reject Municipal Council's offer of three members on Council and demand nine members, thus gaining joint control—Chen and O'Malley reach agreement at Hankow regarding the future control of the British Concession at Hankow and Kiukiang but continue negotiations on the matter of the British troops being dispatched to China—Japanese *Toho* Agency reports that Aglen has told the Chinese that he cannot be dropped from his post without the concurrence of the Diplomatic Body—Mr. Saburi of Japanese Foreign Office returns to Tokyo following visit with Eugene Chen at Hankow and reports that Japan is favorably disposed toward the Nationalist Government and expresses opinion that the Nationalists will soon control the whole country—Fengtien troops start southern advance along four routes, the Shantung troops already being in Kueiteh and Kushih, thus causing the Cantonese to concentrate their troops at Hsinyang—Chang Tso-ling issues declaration that Feng Yu-hsiang and Chiang Kai-shek have 'bolshevised' China hence it is necessary for him to advance into Honan regardless of the wishes of Wu Pei-fu and if Marshal Wu does not cooperate it will be necessary for Chang's forces to attack Wu.

February 11—Marshal Wu Pei-fu, in answer to Chang Tso-ling's announcement regarding the dispatch of troops into Honan, makes inquiry regarding the number of Fengtien troops Chang is planning to send into Honan and asking Chang not to advance troops beyond Changteh for the present stating that if Chang will accede to his request that he will try to compose the differences between his troops and the Fengtien-Shantung troops in order to avoid misunderstanding; however it is felt in Chinese circles that since Liang Shih-yi and Yeh Kung-cho of the Anfu faction are antagonistic to Wu Pei-fu and have been trying to make a deal with the Cantonese, in order to eliminate Wu Pei-fu and Sun Chuan-fang, that a clash may develop between Wu and Chang—*Toho* Agency dispatch from Peking states that there is a possibility of an armed clash between Wu Pei-fu and Chang Tso-ling and that Gen. Chi hsieh-yuan (ally of Wu) has moved his troops from Changteh to Huihsin and has established his headquarters at Hsinhsiang—Owing to Chang Tso-ling's definite decision to move his troops into Honan, Gen. Chang Hsueh-liang (son of Chang Tso-ling) has gone to Tsinanfu to hold a conference with Gen. Chang Chung-chang, tupan of Shantung in order to obtain Gen. Chang's cooperation in sending troops against Wu Pei-fu in Honan—Gen. Chang Chung-chang issues instructions for the collection of customs surtaxes in Shantung—Owing to increasing seriousness of diplomatic situation in Peking, Dr. Koo is endeavoring to pursuade the Cabinet members to remain in the Capital for the present—Marshal Tsao Kun, former president announces intentions to reside in Tsingtao for present—Another earthquake in Pengpu, near Nanking—Chinese Ratepayers in Amoy notify Chinese Ratepayers in Shanghai that three additional Chinese ratepayers will be elected on the Koolangyu International Area at Amoy.

February 12—Mukden newspapers deny report Chang Tso-ling scheduled for presidency China—Mukden party announces strong objection to American proposal for neutralization Shanghai area claiming unnecessary since Sun Chuan-fang preserving order—Chang Chung-chang, Shantung tupan orders 67th Division of 2nd Shantung army to Hsuchowfu at junction Tientsin-Pukow and Lung-Hai Railroads—Peking Tariff Conference Committee decides to create separate organ from Customs Administration for collection of surtaxes—Reported that Fengtien troops have disarmed two divisions of Wu Pei-fu troops in northern Honan and that Chihli-Shantung troops are advancing westward along Lung-Hai railway thus creating serious situation in Honan—Belgian Minister discusses treaty situation with Wellington Koo and *Kuo Wen* agency reports possible early agreement—*Toho* agency reports that Wu Tien-cheng, Nationalist agent in Tokyo in an interview declared that the Nationalists have no fear of Japanese antagonism since China and Japan must be friends owing China's need for Japanese capital—Nationalists 'People's Trial Committee' hold preliminary hearing-in prosecution of Northern generals Chin Chia-mo and Liu Yu-chun who were captured in the siege of Wuchang—Yang Yu-ting, Yu Chung-han, Chang Huan-hsing and other prominent Fengtien leaders reach Peking from Mukden—Yang Yu-ting, Fengtien chief-of-staff declares in interview circulated by *Toho* that while Wu Pei-fu is 'on our side' it has become necessary for Fengtien to advance into Honan in order to attack Southerners in Hankow and that they will first attack Gen. Chin Yun-ao owing to his affiliation with the Cantonese; Gen. Yang concludes interview by stating that if Chiang Kai-shek, the Southern leader will dismiss the communists that it is not impossible for Mukden and Canton to get together—Eugene Chen still insisting that British withdraw troops from Shanghai and even suggesting that troops in Hongkong be withdrawn to Singapore—Canton merchants dismiss 4,000 laborers despite protests of unions causing critical situation for Government—British *Reuters* reports from London quote Chamberlain as declaring that agreement concluded whereby the Cantonese will return the Hankow Concession to the British and then the British will hand over the area to a joint Sino-British Commiteee for administration.

February 13.—Hankow report states that upon recommendation of city magistrate of Tayeh, Gen. Chiang Kai-shek has agreed to order the abolition of Confucian sacrifices and that money be devoted to educational works—Bureau of Foreign Affairs at Hankow has notified foreign consuls that in future suits involving Chinese and foreigners must be tried by local Nationalist Court and not by the Mixed Court as in past, the arrangement not providing for the presence of foreign consuls—Department of Communications of Nationalist Government issues proclamation that in future all shipping companies operating on Yangtsze must be registered with Government—Gen. Pei Wang-wei former tupan of Anhwei has established headquarters at Wusueh, Hupeh—Marshal Tsao Kun, former president and head of Chihli Party arrives at Tsinanfu, Shantung for conference with Gen. Chang Chung-chang—Gen. Chang Hsueh-liang, son of Chang Tso-ling, goes to Hsuchowfu for inspection of troops there—Chinese Ratepayers Association at Shanghai meet and elect Dr. C. T. Wang chairman and appoint Committee of Nine to consider question of Chinese representation on Municipal Council of International Settlement; also decide that those elected to Committee must have proper qualifications and knowledge for serving on foreign council; those elected were Dr. C. T. Wang, Feng Sao-san, Sung Han-chang, Yu Ya-ching, Chao Chin-ming, Wang Sung-san, Hsu Hsin-loh, Huang Sung-mo and David Z. T. Yui—Admiral Tu Shih-kwei, Minister of Navy resigns, but resignation rejected by Wellington Koo—Edwardes assumes office as Acting Inspector General of Customs and Aglen given furlough—Tan Yen-kai and other leaders of Nationalists leave Nanchang for Hankow with exception of Chiang Kai-shek—*Toho* Agency states that Nationalists will not reply formally to American proposal for neutralization of Shanghai district but that Eugene Chen will shortly issue a statement on the question—Nationalist Government notifies co-director of posts at Peking that in future all postal commissioners in Nationalist territory will be appointed by Nationalists, and that Peking appointees will be dismissed—Public trial of two Northern generals, Chen Chia-mo and Liu Yu-chun held at Hankow by Nationalist High Court, more than 300 people being present to hear the evidence of the 'crimes' of the Northerners, decision to be announced shortly—Sung Tze-wen of Nationalist Government in interview with *Toho* agency states that all important Nationalist officials will shortly meet for a political conference in Hankow shortly and that there is nothing to the rumors that the seat of the Nationalist Government will be removed from Hankow—Peking Government notifies British that any agreement concluded by the British and Nationalists at Hankow must be ratified by Peking Government—Japanese reports from Peking state that tendencies toward a compromise on the part of Fengtien and the Cantonese is being seriously considered

(*Continued on page VI*)

Developments in the China Situation for the Past Week

Marshal Sun Chnan-fang has been forced to relinquish control of Chekiang province, according to information received in Shanghai on the morning of Thursday, Feb. 17.

It is as yet to early to analyze what has actually happened, but according to the best reports, Gen. Chou Feng-chi, who deserted Sun and joined the Cantonese after Sun's defeat in Kiangsi, was able to manage an encircling movement which forced Sun to evacuate Hangchow, the capital of Chekiang, forcing Sun's forces under Meng Chao-yueh to retreat to Kashing on the Shanghai-Hanchow Railway. The commander-in-chief of Sun's forces in Chekiang is Gen. Bei Chung-hsi. General Bei Bao-san formerly defense commissioner at Haichow who was transferred to Chekiang to oppose the Southerners, has apparently either gone over to the South and moved into southern Anhwei or has been cut off in southern Chekiang. Marshal Sun Chuan-fang, commander of the military forces in the area bounded by the Yangtsze River on the North, Anhwei and Kiangsi provinces on the West and a line about twenty miles south of Hangchow on the South, is still maintaining his headquarters in Nanking, which in itself is a puzzling proposition for he could obviously do a better job if he had his headquarters in Shanghai which is nearer the scene of activities. But Sun remains in Nanking, for reasons of his own, and entrusted the conduct of his campaign in Chekiang to three generals, Bei Bao-san, Meng Chao-yueh and Chow Yin-ren, the latter being former tupan of Fukien who was ousted by the Cantonese and forced into Chekiang sometime ago. Although reports differ, it appears that Marshal Sun had offered the tupanship of Chekiang to each of the foregoing generals, hence the fighting which has taken place in Chekiang has been as much between these various factions as it has been against the comparatively small force of Cantonese who have entered the province from Fukien on the south and from Kiangsi on the West. Residents of Hangchow claim that the Cantonese at no time in the past have had more than 50,000 troops within the boundaries of Chekiang, but this probably is not true now for General Ho, the commander of the Cantonese forces in Fukien is now advancing into Chekiang with an army estimated at 20,000.

Dr. C. T. Wang

Gen. Chiang Kai-shek's Plan

It is impossible at this distance to make anything more than a guess at what is likely to happen in Chekiang, but it would seem logical that in view of Gen. Chiang Kai-shek's obvious shortage of men and munitions that he would attempt to make up in strategy for his disadvantage in equipment. Hence it would be good strategy for him to keep worrying Sun Chuan-fang in Chekiang in order to force Sun to move all of his troops to that sector. Then when the situation was right, Gen. Chiang could make a swift drive across country and cut the railroad either between Shanghai and Hangchow or between Nanking and Shanghai, either of which would effectively prevent Sun from obtaining further reinforcements from the North and on the other hand, in case the railroad was cut between Shanghai and Hangchow it would prevent Sun from falling back on the environs of Shanghai and creating foreign complications. Therefore it is quite likely that there may be a dramatic development in the local military situation at any time,—which of course is responsible for the feeling of apprehension which has existed at Shanghai for some time and which has been responsible for the British action in landing three battallions of troops here.

Honan Also Uncertain

At the present time Honan province is controlled by Marshal Wu Pei-fu, Chihli warlord who is occupying, according, to his enemies at least a sort of 'dog in the manger' position between Fengtien and the Cantonese. Marshal Wu has his headquarters at the town of Chengchow which is the junction point of the Peking-Hankow and Lung-Hai Railways and of more importance is located only a few miles south of the Yellow River Bridge. At the present time Marshal Wu's area extends northward beyond the Yellow River to the town of Changte in Northern Honan, or rather we should say, it *did* extend to Changte a few days ago for Gen. Chi Hsieh-yuan, a subordinate of Marshal Wu was in control of that city. But now it seems that Gen. Chi has been forced to retreat southward in the direction of the Yellow River on account of the advance of the Fengtien forces from the North. There has undoubtedly been some fighting between Wu's troops and the Fengtien forces for reports from Peking have stated that Marshal Chang Tso-ling's forces have disarmed some of Wu's soldiers.

Chang Chung-chang also Moving

Simultaneously with the advance of the Fengtien forces southward along the Peking-Hankow Railway, Gen. Chang Chung-chang, Fengtien tupan of Shantung has been advancing westward from Hsuchowfu along the Lung-Hai Railway in the direction of Honan. Thus Marshal Wu Pei-fu is being subjected to pressure from two sides and may be forced out; as a matter of fact the usually well-informed Japanese *Toho* News Agency reports have stated several times in recent days that Marshal Wu may be forced to retire to Loyang leaving the military situation in Honan to the control of Fengtien. In case this happens it is possible that Wu's troops under the command of his subordinates, may be split in three directions, some joining Fengtien, some going to the Cantonese in Hupeh and some going to Shensi to join the Christian General Feng Yu-hsiang.

Will Chang Move on Hankow

Marshal Chang Tso-ling has issued the usual bombastic statement that he expects to drive the Cantonese out of Hankow before two months have passed by and have the entire Yangtsze Valley under his thumb before mid-summer. But despite this announcement, it is believed that Chang would be satisfied, for the present at least if he can force Wu Pei-fu out of the picture and obtain undispute control of northern Hunan including both ends of the Yellow River bridge. If he can accomplish this he will be in an excellent position to dicker with the Cantonese for an understanding, something which has also been rumored for a considerable period. Since Marshal Chang Tso-ling is not handicapped by political principles, operating purely as an individual militarist, he has never yet hesitated to make an alliance with anybody where it was to his personal advantage. Therefore anything may happen in connection with the present activities in Honan province.

Possibilities of a Fengtien-Cantonese Alliance

The Cantonese, or Nationalist Party is made up of members of the Kuomintang aggregation of militarists whose political views are not all harmonious by any means. The Kuomintang is made up of so-called 'Communists,' moderates, conservatives and extreme conservatives, or to put it another way, 'reds,' 'pinks,' whites,' and 'extreme-whites.' At the present time the party is controlled by the 'reds' and 'pinks', otherwise the communists and moderates. Chang Tso-ling has declared several times that if the Kuomintang would drop the communists, that is, the Russians and the Chinese radicals, that he would be willing to make a deal. As a matter of fact Marshal Chang is already in alliance with the so-called 'extreme-conservatives' of the Kuomintang Party, which fact was proved pretty definitely recently when all of the Kuomintangists of this political complexion who have been residing in Shanghai, suddenly got out and went to Tientsin when they thought Gen. Chiang Kai-shek was going to capture Shanghai a short time ago. These 'extreme-conservative' Kuomintangists are practically all followers of Gen. Chen Chiung-ming, the Kuomintang general who was ousted from Canton several years ago by Dr. Sun Yat-sen on the grounds that they were being subsidized by the British in Hongkong. It is therefore quite logical that these patriots might make a deal with Chang Tso-ling for the purpose of ousting the radicals and Russians, but of course the Kuomintang radicals are not asleep to the situation and are some political manipulators themselves. At any rate it is safe to say that the elimination of Wu Pei-fu in Honan and Sun Chuan-fang in the Lower Yangtsze would clarify the situation through reducing the figures on the stage to two major actors. Fengtien and Kuomintang.

Wang Moves for Shanghai Representation

Dr. C. T. Wang, who was acting premier and minister of foreign affairs at Peking under the Kuominchun Government, who is now residing in Shanghai has started a movement here for Chinese representation on the Municipal Council of the International Settlement, the Chinese Ratepayers Association of which Dr. Wang is chairman, demanding nine seats on the Council in place of the three places which were offered by the foreign ratepayers in 1925.

New Books of Interest in the Far East

Intimate Glimpses of Joseph Conrad

JOSEPH CONRAD AS I KNEW HIM. By Jessie Conrad (his wife). G. $2.00. New York; Doubleday, Page, & Company.

All the world knows that Joseph Conrad was a Pole (born Joseph Teador Konrad Korzeniowski), that he went to sea as an adventurous and imaginative youth, that he knew nothing of the English language until he was eighteen years old and that, suddenly being attracted to English as a means of expressing his vivid imagination, he became a master of it, one of the greatest English writers of his time. The wonderful stories related by Conrad through the medium of his adopted language are too well know to necessitate any apology for the many books about him. The number of books about him are likely to increase as years go by. This book by his wife is of inestimable value.

Mrs. Conrad tells of the 29 years she spent with her husband until his death, throwing many sidelights on his career that no one else could. She tells of his methods of work, of the source and inspiration of most of his books, of his friends (Galsworthy, Garnett, Ford, Hope) and of their influence upon him.

A picture is given of the household where the author worked. It must have been very trying for the housekeeper because Conrad had notions about the rooms that best served his inspiration. At one time he took possession of the single bathroom; once the guestroom became his workshops, and again a corner of the conservatory served the writer.

The very foibles in her husband that Mrs. Conrad reveals help us to understand and appreciate his work. This is a book that every Conrad lover should have. It is not too much to say that Conrad may be ranked among the greatest story tellers and the most masterful of English writers of our time.

T. S.

Hoover and U. S. Foreign Trade

CARAVANS OF COMMERCE, By Isaac F. Marcosson; Harper and Brothers, Publishers, New York; Chinese-American Publishing Co., Shanghai; Price Mex. $7.50.

Herbert Hoover and his accomplishments need no introduction in China but Isaac F. Marcosson, in his inimitable style, has breathed into them a sense of reality that transforms the work-a-day duties of government officials into the romantic exploits of soldiers of fortune. Few of his readers, even in China, realize the ramifications of the foreign trade activities of the United States Government but "Caravans of Commerce" is such a tribute to that service as has seldom been more ably and more vividly presented.

Throughout the book runs the thread of Mr. Hoover's marvelous genius as an administrator. The Hoover "trade formula," as Mr, Marcosson calls it is summed up in this pertinent observation of the Commerce Secretary:

"The man who runs a business solely for one customer is always in a precarious position. If he has 1,000 customers he is assured of a degree of permanency in his affairs and his labor can count on continuity of employment."

Our "ambassadors of Trade" are analyzed in their manifold activities in a chapter that appeared originally, as did in fact about half those in the book, in the Saturday Evening Post. The humor of foreign trade contains some things that apparently will not be considered humorous by our competitors. They will set them down as the shrewdness of the "damned Yankee." They help to lighten an otherwise serious recital of matter of fact accomplishment.

Marcosson pays high tribute among others to Julean Arnold, Commercial Attache to China, and reviews in detail the very permanent work which this veteran officer has left on our trade development in this part of the world.

Some of the best chapters in the book, are those which analyze "Trade Scouting" and depict "The Romance of Foreign Trade." Here, instance after instance of practical help to American business is so vividly and interestingly laid before us that we forget for a moment that this is not a recital of facts and lose ourselves with Trade Commissioner Simmons in a Russian prison during the first Revolution, or live over with Paul Steintorf the harrowing days of the Japanese earthquake. Many people will learn from the chapter on "Commercial Technique" some of the real effective ways in which a Government department may be helpful, while in "Dollars and Cents Returns" Mr. Marcosson strokes that ever present "pocket nerve" about which our European friends love to chide us. Nevertheless, we venture to predict that the stodgy chancelleries of European trade promotion departments turn even greener with envy that they are with mould when they read of $72,847,793.16 of actual business obtained for Americans abroad by our Bureau of Foreign and Domestic Commerce in the first nine months of 1925.

"Caravans of Commerce" is more than its name implies. It is an engrossing and monumental exposition of the greatest and sanest governmental activity in the history of our times and incidentally a splendid tribute to a great American.

F. R. E.

The Report on

EXTRATERRITORIALITY

Copies of the Report of the International Commission which investigated the Practice of Extraterritoriality in China may be obtained by addressing The China Weekly Review, enclosing the sum of $1,00 to cover cost and postage.

The Report contains four sections as follows:

Part I.—Present Practice of Extraterritoriality in China.

Part II.—Laws and Judicial System of China.

Part III.—Administration of Justice in China.

Part IV.—Recommendations.

In addition there is an appendix containing the Declaration of the President of China to reform the laws and administration of justice; a summary of clauses from the treaties containing the Extraterritorial provisions; a list of modern Chinese courts and prisons and a report of the Committee which toured North and Central China investigating conditions.

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THE ECONOMIC BACKGROUND OF THE GOSPELS. By Frederick C. Grant. 5.65

Oxford University Press

44 Peking Road, Corner Museum Road, Shanghai.

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity	Sale Price Jan. 27th.	Sale Price Feb. 3th.	Approx. Yield to Maturity Feb. 3th.
Szecho-Slovak Govt. Sinking Fund Loan...	8	Oct. 1, 1952	109	108	7.30
Cuban Domin. Sugar Co. 1st Lien S. F. Loan...	7½	Nov. 1, 1944	100¼	100	7.50
Republic of Chile S. F. Loan	7	Nov 1, 1942	100⅝	100⅜	6.90
Argentine Government Ser. "A".....	6	Sept. 1, 1957	99½	99½	6.05
German Governments S. F. Loan.....	7	Oct. 15, 1949	108⅝	108	6.35
Kingdom of Norway S. F. Loan.....	6	Aug. 15, 1943	102	101⅞	5.80
Deutsche Renten Bank 1st Lien Farm Loan	7%	Sept. 15, 1950	103	102¾	6.75
Can. Pac. R. R. Co. Debenture Stock.....	4	Perpetual	85¼	84½	4.73
Belgian Government S. F. Loan.....	6	Jan. 1, 1955	97½	96⅞	6.25
Andes Copper Mining Co. Debentures.....	7	Jan. 1, 1943	107½	107	6.30
German General Electric Co. S.F. Loan....	7	Jan. 15, 1940	105½	105¾	6.45
Saxon Public Works Inc. 1st Mtge. Guaranteed S. F. Loan....	7	Feb. 1. 1945	103½	103¼	6.70
Cuban Northern R. R. Co. 1st Mtge. Loan....	6	July 1, 1966	103	103	5.80
Dodge Brothers Inc. Debentures	6	May 1, 1940	94⅛	94⅞	6.60
Republic of Haiti.....	6	Oct. 1, 1952	100	99½	6.05
Czecho Slovak Government Ext. S.F. Loan..	7½	Oct. 1, 1945	106	107¾	6.75
Kingdom of Italy, Ext. S. F. Loan.....	7	Dec. 1, 1951	96⅛	95⅞	7.35

The National City Company International Bank Building No. 2A Kiukiang Road, Shanghai, China.

These quotations are subject to confirmation by the National City Company of New York.

Shanghai Exchange for Week Ending Wednesday, Feb. 16, 1927

By Maitland, Fearon and Brand

Exchange:—Bar Silver prices in London have declined considerably during the past week, today's prices of 26 15/16d. near and 26⅛d. forward are respectively 1⅛d and 1 7/16d. below those ruling this day last week. During the same time the official T/T rate on London has fallen from 2/7⅛d to 2/6⅛d The local exchange market is controlled by speculative operations, which though not on a large scale, and based mainly on Political news and rumours can influence exchange rates considerably on this present narrow market; genuine business in regards to Imports and Exports is very small and likely to continue so. The following rates for Gold remittances, near delivery, are available at the close:—T/T London 2/7 15/16d. New York 62 7/8, Yen 77¼.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver.....Tls. 66,859,000 a decrease of Tls. 1,551,000

Chinese and Mexican Dollars.....$ 83,580,000 an increase of $ 2,150,000

Estimated value Tls. 127,036,000 as against Tls. 108,119,000 held at this time last year.

	Average rates for Jan.	Thursday Feb. 10	Friday Feb. 11	Saturday Feb. 12	Mon. Feb. 14	Tues. Feb. 15	Wednesday Feb. 16
Bank's selling rates		*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*
T/T London	2/6.021	2/7⅛ 2/7	2/7 2/6⅞	2/6½	2/6½	2/6½	2/6½
D/Dfts ,,	—	2/7 15/16	2/7 1/16	2/6 15/16	2/6 15/16	2/6 15/16	2/7 1/16
4 m/s ,,	—	2/7⅛ 2/7¼	2/7¼ 2/6¾	2/6¾	2/6¾	2/6¾	2/6¾
T/T India	166.104	173¼ 172	172 169	169	169	169	169
T/T France	1.532 083	1605 1595	1595 1570	1570	1570	1570	1570
T/T N. Y.	60.792	63¼ 62¾	62⅞ 61¾	61¾	61¾	61⅞	61⅞
T/T Hong	80.828	79 80	80 80	80	80	80	80
T/T Japan	80.562	77¼ 78	78 79¼	79¼	79¼	79¼	79¼
T/T Batavia	150.865	157 155¾	155¾ 153⅛	153⅛	153⅛	153¼	153⅛
T/T Straits	92.937	89 90	90 91¼	91¼	91⅛	91⅛	91¼
Bk's buying rates							
4 m/s B/L. Cred. D/A	2/8.021	2/9¼ 2/9	2/9 2/8⅛	2/8⅛	2/8⅛	2/8⅛	2/8⅛
4 m/s ,, D/P	—	2/9⅜ 29/32	2/9¼ 2/8⅜	2/8⅜	2/8⅜	2/8⅜	2/8⅜
6 m/s ,, B/L Cred D/A	2/8.333	2/9 15/16 2/9 7/16	2/9 5/16 2/8 9/16	2/8 9/16	2/8 11/16	2/8 11/16	2/8 11/16
4 m/s B/F Cred D/A	1.662.083	1735 1725	1725 1700	1700	1700	1700	1700
4 m/s N. Y. Lc.	64.292	66¾ 6/6¼	66⅛ 65⅛	65¼	65¼	65⅛	65
4 m/s ,, Dacs	—	67¼ 6/6¾	66¾ 65⅜	65⅛	65⅜	65⅛	65⅛

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling Bullion.	Feb. 10	Feb. 11	Feb. 12	Feb. 14	Feb. 15	Feb. 16
*London Price of Bar Silver per oz. (English Standard 925 touch)...Pence	26 11/16	26 1/16	26¼	26 3/16	26 3/16	26 3/16
**New York Price of Bar Silver per oz. (Pure)	G. $. 57⅜	G. $. 57⅞	G. $. 56⅝	G. $. 56⅝	G. $ 56½	G.$ 56⅞
Shanghai Price of Gold Bars (weight Tls. 10 (Chanping) 978 touch).....	Tls. 372.00	383.30	379.20	384.20	379 °	576.00
Shanghai Silver Bars (weight Tls. 100(C.) 999 touch)	Tls. 111.00	111.00	111.00	111.00	111.00	111.00
Shanghai Mexican Dollars per $100.....	Tls. 72.7125	72.525	72.375	72.05	72.15	72.375
Native Bank Rate of Interest (Call money)	Nil	Nil	Nil	Nil	Nil	Nil
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						

Bank of England rate of discount	5%	London Paris on	T/T 123.45
Bank of France rate of discount	6%	New York on London	T/T 485½
London open Market of Dis. 3 m/s	4 5/8%	Bombay on London	T/T 1/5 3/4
,, 4 ,,	4 5/8%	Hongkong on London	T/T 2/0
,, 6 ,,	4 5/8%	Kobe on London	T/T 2/0⅛

Anti-British posters which were pasted on the front of the Jardine Engineering Company's building in Hankow. British business houses in Hankow were literally covered with these posters immediately following the Chinese occupation of the area, but practically all have now been removed upon the order of the Nationalist Officials.

Right—A recent picture of Mr. Eugene Chen, Minister of Foreign Affairs of the Nationalist Government at Hankow. This picture as well as the one above showing anti-British posters, was snapped by Mr. L.N. Wilson, correspondent for the *North American Newspaper Alliance*, who is now in Hankow.

Left—This picture which was snapped by Mr. Geo. Kin Leung, shows some of Marshal Sun Chuan-fang's troops marching toward the front along the shore of West Lake, near Zakow, a few miles south of Hangchow, the Capital of Chekiang Province.

Canton's Imports of Foreign Merchandise 1925-1926

The following compilation of Canton's imports of foreign merchandise for the first six months of 1925–1926 was made by the Bureau of Foreign and Domestic Commerce of the U. S. Department of Commerce, Washington, D. C. and is supplied for publication in The Review by the U. S. Trade Commissioner, Dollar Building, Shanghai:

Articles		First six months ended June 1925	1926
Textiles and Materials			
Cotton manufactures:			
Shirtings and sheetings	pieces.	23,318	160,808
Drills and jeans	do	14,048	88,174
T cloths, unbleached	do	4,164	11,371
Canvas and duck	yards	90,909	152,747
Velvets and velveteens	do	9,846	8,582
Other piece goods	pieces	96,050	66,691
Cotton yarn	piculs	18,936	28,590
Cotton thread, spools	gross	18,560	56,896
Woolen and cotton mixtures	yards	159,107	171,502
Wool and woolen goods	do	47,417	125,945
Wool and cotton blankets	pounds	43,607	245,100
Wool blankets and rugs	do	27,965	14,853
Hats and caps	Hk. taels	39,046	58,703
Metals and Minerals			
Brass and yellow metal	piculs	8,926	6,069
Iron and steel mill products:			
Angeles, bars, joists, girders	do	37,865	25,247
Cobbles, wire shorts, scrap, plate cutting	do	13,808	1,929
Bolts, nuts, washers, rivets	do	637	529
Hoops	do.	2,029	150
Nails, wire and cut	do.	2,243	989
Spring, tool and bamboo steel	do.	954	115
Sheets and plates	do.	11,186	15,743
Pipes, tubes and fittings	do.	2,243	909
Tin plates	do.	10,493	5,317
Wire and wire rope	do.	5,392	10,174
Copper; all kinds	do.	1,843	2,085
Articles		**First six months ended June 30 1925**	**1926**
Sundries			
Cement	piculs	204,800	404,840
Chemicals, except alcohol & spirits wine	do.	49,237	77,313
Cigarettes	thousands	133,341	2,771
Clocks and watches	Hk. taels	28,850	54,524
Coal	tons	149,738	321,585
Dyes, aniline not otherwise mentioned	Hk. taels	112,046	348,672
Artificial indigo	piculs	1,467	2,075
Electrical materials and equipment	Hk. taels	234,464	282,246
Fish and fish products	piculs	77,445	119,213
Flour, wheat	do	118,529	46,945
Matchmaking materials	piculs	42,814	39,238
Machinery	Hk. taels	86,549	62,448
Medicines	do.	276,570	173,079
Milk, condensed	piculs	436	678
Petroleum products:			
Kerosene, American	Amer. galls.	3,365,412	544,000
Kerosene, other	do	1,825,509	907,520
Petroleum products			
Lubricating oil	Amer. galls.	286,045	165,590
Liquid fuel	do.	4,760	16
Gasoline, naphtha, benzine	do.	128,456	132,017
Paraffin	piculs	16,798	24,690
Paper, printing	do.	28,344	51,422
Rice	do.	1,488,267	3,058,303
Soap, toilet	Hk. taels	13,087	39,733
Rubber manufactures	do	20,864	51,593
Sugar	piculs	183,383	245,463

China's Salt Revenue Shows Slump Owing to Civil War

The total Revenue credited in the Group Banks, after deducting administrative expenses, amounted to $64,287,000, which shows a decrease of $9,347,000 as compared with the revenue realised in 1925 ($73,634,000), and also constitutes a serious decrease on the revenue realised in all former years since 1915. This decrease is due to the difficulty and uncertainty of transportation in areas affected since 1925 by civil wars, owing to the disorganization of railway lines and the commandeering of other means of transportation for military operations in many provinces, and to military interference with the Salt Administration in the majority of the provinces.

Of the above mentioned sum of $64,287,000 approximately $37,389,000 represents forcible retentions made by local authorities *wihout* the consent of the Central Government, and about $10,283,000 represents retentions made by the local authorities, *with* the consent of the Central Government. The amount of revenue retained (about $47,672,000), which was credited in the Group Banks by special arrangements, does not represent the total of appropriations made by local authorities, and cannot be compared with the sums retained in 1924 and 1925 as it does not include the full amount of revenue retained by the Kwangtung and Kansu authorities. The continued illegal interference of the Kwangtung authorities not only prevented the reopening of the Canton and Swatow Offices, but also caused the closure of the Pakhoi Offices in March 1926. A similar interference in Kansu has forced the Chief Inspectors' representative to vacate his post.

In fact, at the end of the year, the whole of the Salt Revenue, is being retained by local authorities, with the exception of part of the revenue of Shansi, Changlu and Shantung.

The actual amount released for the general purposes of the Chinese Government during the year amounted to $8,868,000, as compared with $32,935,000 released in 1925. In addition, the sum of $9,072,000 was paid on account of foreign obligations secured on the salt revenues. The yearly service on the Reorganization Loan of 1913 was paid in the first instance by the Salt Administration and subsequently refunded by the Maritime Customs.

Under the conditions prevailing during 1926 the reserve in the Group Banks could not be maintained as usual at $7,000,000, and it amounted to $4,860,000 at the end of the year.

Francis Zia Sentenced to Four Years

According to a report appearing in the Chinese newspapers last week, Francis Zia, editor of the China Courier, local Chinese newspaper published in the English language, has been sentenced to four years in prison by Gen. Li Pao-chen. Gne. Li Pao-chen is defense commissioner of Shanghai and is a subordinate of Marshal Sun Chuan-fang. Mr. Zia was not brought before the Provisional Court but was dealt with arbitrarily by court martial proceedings under instructions of Gen. Li, hence there has been no report of the proceedings or the charges which were brought against the Chinese editor.

In the Shanghai *Municipal Gazette* for Feb. 11, Stirling Fessenden, Chairman of the Shanghai Municipal Council, in a letter addressed to the local Consular Body, calls attention to the illegal arrest of Mr. Zia by agents of General Li who kidnapped the Chinese editor on Jan. 29 within the boundaries of the International Settlement, the kidnapping taking place within one block of the Municipal police station.

In last week's issue of *The Review*, in connection with a discussion of the illegal arrest of Mr. Zia, the statement was made that the *China Courier* of which Mr. Zia is editor, was financed by L. K. Kentwell, local British (or Chinese) attorney. Since the publication of this statement it has been learned that several other Chinese are also stockholders in the enterprise.

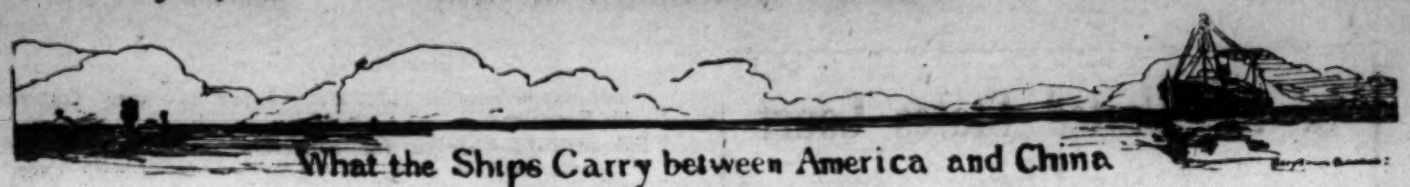
Seattle's Growing Foreign Trade with the Orient

The greatest year in the history of Seattle shipping was recorded in 1926 when the waterborne commerce totalled G.$755,000,000, a gain of $25,000,000 over 1925.

Every year in the history of the port, with the exception of 1918, when values were inflated by the World War, will be exceeded by the record of 1926. In volume of freight handled over Seattle docks, as announced recently, Seattle's waterborne commerce for 1926 will break all previous records with a total of 8,507,418 cargo tons in 1925, an increase of 659,907 cargo tons.

The following table indicates how 1926 will compare with the previous twelve years of Seattle's waterborne commerce:

Year	*Value*
1914	$ 154,599,947
1915	257,792,393
1916	412,438,319
1917	599,590,995
1918	792,120,736
1919	750,071,907
1920	588,023,197
1921	364,976,549
1922	498,833,131
1923	646,583,136
1924	664,429,168
1925	730,406,400
1926	755,057,522



What the Ships Carry between America and China

Return of the Shanghai Customs

By Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces; Mille—thousands; Hk. Tls.—Haikwan Tls., Aug. Customs Rate Tls. 1.27 Goequall $1

Empress of Russia, Jan. 11.

From Canada.

Cotton, Raw..Bls. 200 Pls.		721
Lead in Bars	„	5,039
Butter.....	„	42
Cheese	„	38
Flour, Wheat.....	„	1,384
Leather, Calf	„	2
„ Patent	„	22
Cigars	Mille	3
Cigarettes	„	75
Motor-cars.....	Pcs.	8
Whisky	Doz.	380
Treasure:		
Silver Bars ....Hk. Tls.		211,724

Havre Maru, January 11.

from U. S. A.

Cotton, Raw Bls ..900 Pls.		3,361
Dextrine	„	84
Flour, Corn	„	126
Paper, Coated	„	1,041
Tobacco, Leaf.....	„	5,755
Motor-cars	Pcs.	1
Motor-trucks.....	„	1

President Garfield, January 11.

from U. S. A.

Cotton Cambrics:		
White, 30 in. by 31yd.	Pcs.	40
„ 37 „ 42 „	„	120
Machines, Sewing	„	18
„ Adding	„	1
Motor-cycles	„	8
Tiles	„	1,500
Typewriters	„	17
Woolen Yarn.....	Pls.	28
Iron Wire Rope.....	„	23
„ Galvanized: Wire	„	47
Tinned Plates, Plain ..	„	2,187
„ „ Decorated	„	41
Butter	„	14
Copper, Sulphate of ..	„	9
Carbon, Black.....	„	8
Fruits, Fresh	„	15
Gum, Arabic	„	25
Indigo Paste, Artificial, 20 per cent.	„	1,152
Lead, Red	„	15
Leather, Patent	„	7
Oranges Fresh	„	52
Paint	„	80
Paper, Writing	„	27
„ Unclassed	„	1,357
Shrimps, Dried.....	„	127
Baking Powder	Doz.	2,600
Hats, Straw	„	9
Oil, Lubricating, Mineral	Galls.	3,964
Paints	„	125
Cigarettes	Mille	1,040
Shoes, Rubber	Pairs.	331
„ Unclassed	„	306
Infants' Food.....	Hk Tls.	7,675
Treasure:		
Silver Bars	„	311,176

Ikoma Maru, January 13.

from U. S. A.

Oil, Unclassed	Galls.	750

Florida Maru, January 13.

from U. S. A.

Cotton, Raw..Bls. 375	„	1,386
Iron, Galvanized:		
Wire Shorts.....	„	463
„ Old	„	291
Canned Asparagus	„	13
„ Fruits	„	94
Fruits, Dried.....	„	36
Raisins	„	63
Milk, Evaporated.....	Pls.	384
Timber:		
Softwood, Merchantable .....Sup. ft.		602,884
Softwood, Ordinary Sawn	„	657,616

Liberator, January 14.

from U. S. A.

Cotton, Raw Bls. 7,295 Pls.		25,542
Carbon Black.....	„	141

Atlantic Maru, January 17.

To San Francisco.

Cotton Rags ..... Pls.		513

To Boston.

Cotton Rags..... Pls.		838

To New York.

Egg Yolk, Dried.... Pls.		251

Foreign Goods.

Skins, Goat, Untanned Pls.		505

President Cleveland, Jan. 19.

To Honolulu.

Brassware ..... Pls.		5
Carpets .....Hk. Tls.		1,277

To Papeete, Tahiti Islaud

Cigarettes ..... Pls.		5

To Portland.

Feathers, Duck ..... Pls.		4
Walnuts, Shelled	„	41

To San Francisco

Silk Piece Goods ..... Pls.		0.50
„ Pongees, Honan..	„	0.60
Tea, Green:		
Gunpowder Ningpo	„	283
Brassware	„	91
Chinaware, Fine.....	„	3
Egg Albumen, Moist ..	„	930
„ Yolk, Moist	„	362
„ Whole	„	234
Feathers, Ducks' Down	„	3
„ Goose „	„	9
Intestines, Pigs' Salted.	„	5
Tallow, Vegetable	„	1,381
Walnuts, Shelled.....	„	204
Woodware	„	18
Carpets ..... Hk. Tls		4,306

To Los Angeles.

Tallow, Vegetable .... Pls.		851
Carpets .....Hk. Tls.		301

To Houston.

Hair, Human..... Pls.		67

To New Orleans.

Fans, Straw ..... Pcs.		32,400

To South Omaka

Sausage, Hog..... Pls.		13

To Philadelphia.

Bristles ..... Pls.		54
Rhubarb	„	50

To Chicago.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
23 ..... Pls.		23.11
Intestines, Goats' and Sheep's.....	„	13
Intestines, Pigs' Salted.	„	35

To Boston.

Cotton, Raw..Bls. 50 Pls.		186
Sausages, Sheep.....	„	29

To Hoboken.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
50	„	50.00
Yellow Shanghai Bls.		
25	„	25.00
Silk, Raw, Re-reeled from Dupions: White, Shanghai Bls.		
10 ..... Pls.		10.26

To New York.

Silk, Raw, Steam Filature: White, Shanghai Bls.		
10 ..... Tls.		10.02
Yellow, Shanghai Bls.		
10	„	10.09
Silk Pongees, Honan ..	„	8.69
Straw Braid, White ...	„	13
Brassware	„	19
Egg Albumen, Dried ..	„	168
Feathers, Duck	„	75
„ Goose	„	89
Hair, Human	„	30
Intestines Sheep's, Salted	„	31
Intestines, Pigs,' Salted	„	78
Walnuts, Shelled	„	309
Wool, Sheep's.....	„	140
Skins, Dog, Tanned ..	Pcs.	5,000
„ Goat, ...	„	1,300
„ Rabbit Untanned	„	29,600
„ Lamb, Untanned	„	4,000
„ „ Tanned..	„	9,800
„ Raccoon, Untanned	„	500
Skin Crosses Lamb....	„	1,000
„ Mats Dog	„	2,514
Carpets .....Hk. Tls.		16,301

Weekly Cotton Market Report

By J. Spunt & Co.

China Cotton:—The opening of the Cotton market, after the Chinese New Year Holidays, displayed no general activity and prices remained about the same level as last reported with a steady tendency at the close. The general feeling is that prices will continue in such position without any undue excitement one way or the other, as spinners are reported to be carrying sufficient stocks for temporary requirements and unless any material improvement developes in the Yarn Market, the rates on the local staple will continue in its present trend,

Both Mid-Americans and Indians, however, are now evincing an upward tendency and as there is a likelihood of such being maintained in the near future it would be advisable to take advantage of any slight breaks that may take place in the interim.

Yarn:—Fluctuations in the yarn market during the past week have been erratic, but the tendency on the whole has been on the easy side, and prices declined about one to two taels as compared with last week's level. Business for export has been booked some 13,000 to 14,000 bales in all counts and chops.

Liverpool:—

American-Middling	7.64
American-Middling last reported.. ..	7.30
Tone of the market, *Steady*.	

New York Market:—

Price of Mid-Amer.	14.15 Spot.
	13.84 Mar.
	14.08 May.
	14.28 July.
	14.46 Oct.
	14.64 Dec.

Tone of the market:—*Steady*.

Indian Market:—

Fully Good Bengal, D./J.	252
Fine Oomra, Dec/Jan..	268
Fully Good Broach, A./M.	283

Tone of the market—*Steady*.

Shanghai Market:—

	Tls
Tungchow, spot ex wharf	29.20
Shanghai, Spot.....	28.75
M. Ginned Spot.....	29.00
Shensi, No. 1 Spot.....	29.25
Ningpo, Spot, Ex wharf.	29.20

Tone of the market—*Steady*.

In the United States Court for China

THOMAS LOY MITCHELL, Plaintiff,
vs
NADIA VACILNA GRAMATIKOVA MITCHELL, Defendant.

Cause No. 2895
Civil No. 1183
SUMMONS
Filed at Shanghai, China, Clerk.

The President of the United States of America

To the United States Marshal for China and his Deputies—GREETING:

You are hereby commanded to serve this Summons and a copy of the complaint in the above entitled action upon the defendant

NADIA VACILNA GRAMATIKOVA MITCHELL.

and to notify HER to be and appear before this Court on or before the fortieth day after service hereof to file her written answer on oath.

(SEAL) WITNESS the HONORABLE MILTON D. PURDY Judge of the United States Court for China, Shanghai, China. Feb. 15, 1927.

L. T. Kenake,
Asst. Clerk

Excerpt from Regulations, Section 8: On proof of due notice, judgment by default shall be procured against any defendant failing to appear and file his written answer as required.

In the United States Court for China

THOMAS LOY MITCHELL, Plaintiff,
vs
NADIA VACILNA GRAMATIKOVA MITCHELL, Defendant.

Cause No. 2895
Civil No. 1183
ORDER FOR PUBLICATION.
Filed, Shanghai, Feb. 15, 1927.
JAMES M. HOWES Clerk.

The object of this suit is to obtain a divorce from the bonds of matrimony.

On Motion of the Complainant it is this 15th day of February, 1927, ORDERED that the Defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the day of the last publication of this Order; otherwise the cause will be proceeded with as in cause of default.

BY THE COURT:

MILTON D. PURDY
Judge.

Dated February 15, 1927.

Dr. MacNair's New Books on Current Problems of China

China's International Relations and Other Essays.

China's New Nationalism and Other Essays.

Trade Edition, $2.50 each. School Edition, $1.50 each.

The Commercial Press, Ltd., Publishers

(*Continued from page 323*)

and may be consummated after Honan has been captured by Fengtien.

February 14—Bureau for collection surtaxes established Tientsin in Bank China, all foreigners paying with exception Japanese—Cabinet situation Peking unsettled despite statement Yang Yu-ting that no changes immediately contemplated—Although settlement reported reached at Hankow between O'Malley and Chen, *Kuo Wen* agency reports that Chen continuing negotiations for withdrawal of British troops—*Kuo Wen* reports that Tsao Kun, former President has reached agreement whereby Wu Pei-fu will remain in control of Honan, but movements will be conducted by Chang Tso-ling—*Kuo Wen* report states that Eugene Chen in receipt of telegram from Sir Austen Chamberlain, British foreign minister stating that if Chen will sign the agreement that all British troops will be withdrawn except the Indian Punjabis which are already ashore at Shanghai—According to *Kuo Wen* report from Peking Marshal Chang Tso-ling has declared his intention of clearing up the Honan situation within three weeks, to recapture Wu-Han within six weeks, to enforce Fengtien administration in Wu-Han by April I and to unify all military and political affairs in the Yangtsze Valley by July 1—Gen. Chang Hsueh-liang who has been in Shantung conferring with Gen. Chang Chung-chang will return immediately to Peking for a conference with Gen. Yang Yu-ting, following which he will proceed to Honan to assist Gen. Han Lin-tsung; Fengtien troops now entering Northern Honan expect to cross the Yellow River shortly and establish headquarters at Shinchiachang.

February 15—Admiral Tu Shih-kwei, Minister of Navy, who resigned recently, has departed for the South, while Tang Erh-wo, Finance Minister, Minister of Justice and concurrently comptroller-general are threatening to resign; the unsettled condition of the Cabinet is said to be the result of Liang Shih-yi's actions to form a new Cabinet; however, Gen. Yang Yu-ting is reported to be desirous of forming a new Cabinet favorable to the South in the hope of effecting a compromise with the conservative elements in the South-*Toho* report from Peking states that the Peking Government's plan to re-assemble the tariff conference is hopeless owing to the opposition of certain Powers—Reported that the agreement between O'Malley and Eugene Chen will be signed shortly—Laborers in Hankow actively opposing Government's attempt to control agitations, labor leaders themselves apparently being helpless to exercise control—Fengtien Party appoints Chao Heng-ti, former tupan of Honan as Pacification Commissioner of Honan—Tan Yen-kai arrives in Hankow from Nanchang and is enthusiastically welcomed—Eugene Chen receives message from British Labor Party expressing opposition to the British Government's policy toward China—Wu Pei-fu telegraphs Chang Tso-ling asking him to cease advancing Fengtien troops into Honan owing to possible misunderstanding; reported that Wu intends to withdraw with his forces to Loyang—Yang Yu-ting announces that the status quo of the Koo Cabinet will be maintained—Chinese announce establishment of Court of Appeals at Shanghai to be located in the Bureau of Foreign Affairs—Chinese lawyers flock to Shanghai to practice in the new provisional court and plan the organization of a bar association in the vicinity of the Court.

February 15—Mr. Yoshida, Japanese Consul-General, Mukden, who is visiting in Peking, interviews Marshal Chang Tso-ling and expresses hope that Marshal Chang will observe the treaties; Marshal Chang states his hope to return to Mukden after Feb. 20—M. Picard Destelan, co-director of Posts notifies Nationalist Government that he cannot consider the Nationalist proclamation regarding the appointment by the Nationalists of postal commissioners in Nationalist territories—Fengtien troops occupy all of Honan north of Yellow river, Marshal Wu Pei-fu withdrawing south of River and dispatches troops under Gen. Yi and Wang Wei-cheng and Chang Chih-kung to prevent Shantung forces from entering Honan from the east; Wu said to have 100,000 troops in Honan—W's subordinates said to be divided on the question whether Wu should defend Loyang or retire to private life—Gen. Tang Chi-yao, tupan of Yunnan flees to Japan following coup d'etat by subordinates, Generals Liu Yun-ta and Hu Ju-yu—Chang Tso-ling requests Gen. Chang Chung-chang, tupan of Shantung to come to Peking for conference—Negotiations between Chen and O'Malley suspended at Hankow—Yang Yu-ting, chief of staff of Fengtien army states that Fengtien troops are being sent to Honan to preserve order and oppose the Cantonese and not for purposes of territorial aggression or for the purpose of electing Chang Tso-ling to the presidency—Brazilian Minister presents credentials to Peking Government.

Your American Trip

Establish Acquaintance—A traveler making his Statler reservations need only address the first Hotel Statler he will visit. This hotel will take care of reservations in the other Statler cities, will assist him in getting in touch with people he wants to see, and will serve him in many other helpful ways.

YOU will go to New York, of course. Do you know about Hotel Pennsylvania (the largest hotel in the world), and the comforts and conveniences it can offer you? The advantages of living at the Pennsylvania are many and obvious; and it entertains many guests from the Orient, probably more than any other first-class hotel in the city.

Under the same direction as the Pennsylvania are the HOTELS STATLER in five other big American cities, some or all of which you will be almost certain to visit.

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